

# Erste Group Bank AG

(Incorporated as a stock corporation in the Republic of Austria under registered number FN 33209m)

**Combined offering of up to 83,897,737 shares (which represents the full amount of the underlying authorised capital and only up to a corresponding value of approximately €660 million of targeted gross proceeds)**

**Maximum subscription and offer price of €25.00 per share**

**Application for the admission to trading of up to 83,897,737 shares on the Official Market of the Vienna Stock Exchange, the Prague Stock Exchange and the Bucharest Stock Exchange**

This prospectus (the "Prospectus") relates to (i) an offering of up to 83,897,737 new ordinary no-par value voting bearer shares (ordinary shares) with a notional amount of €2.00 per share (each, a "New Share", and together, the "New Shares") (which represents the full amount of the underlying authorised capital and only up to a corresponding value of approximately €660 million of targeted gross proceeds) in the share capital of Erste Group Bank AG (the "Issuer" or "Erste Group Bank"), an Austrian stock corporation, and (ii) the admission to trading of up to 83,897,737 New Shares (a) on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange, (b) on the Prime Market of the Prague Stock Exchange, and (c) in the International Shares Category of the Bucharest Stock Exchange (the "Share Admission").

The offering consists of: (i) a subscription offering of the New Shares to existing shareholders of Erste Group Bank (together, the "Shareholders", and each, a "Shareholder") (the "Subscription Offering"); and (ii) an offering to purchase the New Shares to be made to selected qualified institutional investors prior to the commencement of the Subscription Offering, partially subject to claw-back and deferred settlement (the "Institutional Pre-Placement" and, together with the Subscription Offering, the "Combined Offering"). The Combined Offering will be conducted: (i) in the United States in private placements to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended (the "Securities Act"); and (ii) in private placements outside of the United States to selected qualified institutional investors. In addition, the Subscription Offering will include public offerings in Austria, the Czech Republic and Romania. The Combined Offering outside the United States will be made in compliance with Regulation S under the Securities Act.

For a certain number of existing ordinary no-par value voting bearer shares in Erste Group Bank (each, an "Existing Share", together, the "Existing Shares" and, together with the New Shares, the "Shares") held as of 2 July 2013, 24:00 hours (midnight) Central European Summer Time ("CEST"), each Shareholder will be offered the right pursuant to Section 153 (1) Austrian Stock Corporation Act 1965, as amended (*Aktiengesetz*) (the "Stock Corporation Act") (the "Subscription Right", and together, the "Subscription Rights") to purchase a certain number of New Shares pursuant to a subscription ratio (the "Subscription Ratio") yet to be determined. The subscription price for the New Shares in the Subscription Offering (the "Subscription Price") will be equal to the offer price for the New Shares in the Institutional Pre-Placement (the "Offer Price"). The maximum Subscription Price and the maximum Offer Price (the "Maximum Subscription and Offer Price") have been set at €25.00 per New Share. The final Subscription Price and the final Offer Price (the "Final Subscription and Offer Price"), the final number of New Shares to be offered in the Combined Offering and the Subscription Ratio will be determined by Erste Group Bank in consultation with J.P. Morgan Securities plc. ("J.P. Morgan") and Morgan Stanley Bank AG ("Morgan Stanley" and, together with Erste Group Bank and J.P. Morgan, the "Joint Global Coordinators and Joint Bookrunners") on or about 2 July 2013. Erste Group Bank will apply for the admission of the Subscription Rights to trading on the Vienna Stock Exchange. Trading of the Subscription Rights is expected to commence on or about 9 July 2013 and to terminate on or about 11 July 2013.

Certain Shareholders, including DIE ERSTE österreichische Spar-Casse Privatstiftung ("Erste Stiftung"), Sparkassen Beteiligungs GmbH & Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks, have waived all or part of their Subscription Rights. In order to facilitate the Combined Offering, Erste Stiftung has entered into an agreement with J.P. Morgan and Morgan Stanley granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price. Erste Group Bank will not receive any proceeds from the sale of such shares, if the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) exercise the option.

This Prospectus has been prepared in the English language with German-language, Czech-language and Romanian-language summaries in accordance with Commission Regulation (EC) No 809/2004 of 29 April 2004 and Commission Delegated Regulation (EU) No 486/2012 of 30 March 2012 as well as Commission Delegated Regulation (EU) No 862/2012 of 4 June 2012, both amending Regulation (EC) No 809/2004 and conforms to the requirements of the Austrian Capital Markets Act 1991, as amended (*Kapitalmarktgesetz*) ("Capital Markets Act"). This Prospectus has been approved by the Austrian Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) ("FMA") in its capacity as competent authority under the Capital Markets Act. The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the FMA under applicable Austrian law. The FMA examines the Prospectus only in respect of its completeness, coherence and comprehensibility pursuant to Section 8a Capital Markets Act. A subscription for, or the purchase of, the New Shares involves certain risks. Please review the section entitled "Risk factors" beginning on page 53 of this Prospectus. This Prospectus does not describe all of the risks of a subscription for, or the purchase of, the New Shares, but Erste Group Bank believes that all currently known material risks relating to a subscription for, or the investment in, the New Shares have been described. In connection with the public offerings in the Czech Republic and Romania, Erste Group Bank has requested the FMA to provide the competent authorities in the Czech Republic and Romania in accordance with Article 18.1 of Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended (the "Prospectus Directive"), with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive and relevant implementing legislation in Austria.

The period during which the Shareholders or the transferees of the Subscription Rights (together, the "Subscription Offerees") may subscribe for New Shares in the Subscription Offering (the "Subscription Period") will begin on or about 3 July 2013 and end on or about 17 July 2013. The period during which the institutional investors addressed in the Institutional Pre-Placement (together, the "Institutional Investors" and, together with the Subscription Offerees, the "Offerees") may purchase New Shares in the Institutional Pre-Placement (the "Pre-Placement Period") will begin on 1 July 2013 and end on or about 2 July 2013. Subscription Rights that are not exercised or sold in a timely manner will lapse and be of no value. No compensation will be payable for Subscription Rights not exercised.

The New Shares offered in the Institutional Pre-Placement are partially subject to claw-back and deferred settlement in order to ensure that the New Shares attributable to Subscription Rights that were not waived by certain Shareholders are available for subscription by the Subscription Offerees. See "The Combined Offering—Institutional Pre-Placement—Claw-back and deferred settlement".

New Shares acquired in connection with the Institutional Pre-Placement not subject to claw-back and deferred settlement are expected to be available on or about 5 July 2013, and New Shares acquired in connection with the Subscription Offering are expected to be available on or about 23 July 2013. New Shares purchased subject to claw-back and deferred settlement in connection with the Institutional Pre-Placement are expected to be available on or about 23 July 2013, if and to the extent the claw-back has not been exercised. Subscription Rights can only be exercised during the Subscription Period. Holders of Subscription Rights held through a depository bank that is a member of Oesterreichische Kontrollbank Aktiengesellschaft ("OeKB") or through a financial institution that is a participant in Euroclear Bank S.A. ("Euroclear"), Clearstream Banking AG ("Clearstream"), or Centrální depozitář cenných papírů, a.s. ("CDCP") are required to exercise their Subscription Rights by instructing such bank or financial institution to subscribe for the New Shares on their behalf. Subscription Offerees that hold Subscription Rights through Depozitarul Central SA may exercise their Subscription Rights by instructing their financial intermediaries (custodian bank/broker) that act as depositaries for the Existing Shares entitled to Subscription Rights.

Erste Group Bank's Existing Shares are admitted to trading (i) on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange and traded in the Prime Market segment thereof, (ii) on the Prime Market of the Prague Stock Exchange, and (iii) in the International Shares Category of the Bucharest Stock Exchange. On 28 June 2013, the closing price of the Existing Shares on the Vienna Stock Exchange was €20.51 per Share. Erste Group Bank will apply for the Share Admission and expects the approvals to be granted by 4 July 2013 and trading to begin in each of (i) the Prime Market segment of the Vienna Stock Exchange and (ii) the International Shares Category of the Bucharest Stock Exchange on or about 5 July 2013 and (iii) on the Prime Market of the Prague Stock Exchange on or about 8 July 2013.

The Subscription Rights and the New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. They may not be offered or sold (i) within the United States, except in transactions exempt from registration under the Securities Act, or (ii) outside the United States, except in offshore transactions in compliance with Regulation S under the Securities Act. In the United States, persons that are QIBs may exercise Subscription Rights and acquire New Shares pursuant to exemptions from the registration requirements of the Securities Act. Prospective purchasers are hereby notified that the sellers of the Subscription Rights or the New Shares may be relying on an exemption from Section 5 of the Securities Act provided by Rule 144A. For a further description of certain restrictions on the offer to subscribe for, and sale of, the New Shares, see "Selling restrictions" and "Transfer restrictions".

Joint Global Coordinators and Joint Bookrunners

Erste Group

J.P. Morgan

Morgan Stanley

Co-Lead Managers

COMMERZBANK

ING

Selling Agent

Auerbach Grayson

## **Important information about the Combined Offering**

**This Prospectus does not constitute an offer, or a solicitation to make an offer, to buy, or subscribe for, any security other than the New Shares offered hereby and does not constitute an offer, or a solicitation to make an offer, to buy, or to subscribe for, any New Shares in any jurisdiction in which it is unlawful to make any such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereby shall under any circumstances imply that there has been no change in the affairs of Erste Group Bank or its subsidiaries or that the information contained herein is correct as of any date subsequent to the earlier of the date hereof or any date specified with respect to such information.**

This Prospectus has been prepared by Erste Group Bank in connection with the Combined Offering solely for the purpose of enabling Offerees to consider the purchase of, and the subscription for, the New Shares. Reproduction and distribution of this Prospectus or revelation or use of the information contained herein for any purpose other than considering the purchase of, or the subscription for, the New Shares is prohibited. The information contained in this Prospectus has been provided by Erste Group Bank and other sources identified herein. No representation or warranty, express or implied, is made by J.P. Morgan, Morgan Stanley, COMMERZBANK Aktiengesellschaft ("Commerzbank") or ING Bank N.V. ("ING" and, together with J.P. Morgan, Morgan Stanley and Commerzbank, the "Managers") as to the accuracy or completeness of the information set forth herein and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation, whether as to the past or the future. The delivery of this Prospectus at any time after the date hereof shall not, under any circumstances, create any implication that there has been no change in the affairs of Erste Group Bank, together with its consolidated subsidiaries ("Erste Group"), since the date hereof or that the information set out in this Prospectus is correct as at any time since its date. No person is or has been authorised to give any information or to make any representation in connection with the offer to purchase, or to subscribe for, the New Shares other than as contained in this Prospectus in connection with the Combined Offering and, if given or made, any such information or representation should not be relied upon as having been authorised by Erste Group Bank or the Managers.

In making an investment decision, Offerees must rely on their own examination of Erste Group Bank and the terms of the Combined Offering, in particular the risks involved. Any decision to purchase, or to subscribe for, the New Shares should be based solely on the information contained in this Prospectus. Information on Erste Group Bank's website, any website mentioned in the Prospectus or any website directly or indirectly linked to Erste Group Bank's or any other website mentioned in this Prospectus is not, unless explicitly stated herein, incorporated by reference into this Prospectus and any decision to subscribe for, or to buy the New Shares should not be made in reliance on such information.

Neither Erste Group Bank nor any of the Managers nor any of their respective representatives make any representation to any Offeree regarding the legality of a subscription for, or the purchase of, the New Shares by such Offeree under appropriate legal investment or similar laws. Each Offeree should consult with his own advisors as to the legal, tax, business, financial and related aspects of the purchase of, or the subscription for, the New Shares.

The distribution of this Prospectus and the offer to purchase, and to subscribe for, the New Shares may, in certain circumstances, be restricted by law. The Subscription Rights and the New Shares have not been and will not be registered under the Securities Act, or with the securities regulatory authority of any state or jurisdiction in the United States, and may not be offered, sold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state law.

Persons who come into possession of this Prospectus are required by Erste Group Bank and the Managers to inform themselves about, and to comply with, any such restrictions. This

Prospectus may not be used for, or in connection with, and does not constitute, any offer, or a solicitation to make an offer, to buy or to subscribe for any, any of the New Shares offered hereby in any jurisdiction in which such offer or solicitation would be unlawful. For a further description of certain restrictions on the offer to subscribe for, and sale of, the New Shares, see "*Selling restrictions*" and "*Transfer restrictions*".

This document comprises a prospectus for the purposes of Articles 5.1 to 5.3 of the Prospectus Directive and relevant implementing legislation in Austria, in particular in respect of Section 7 Capital Markets Act and for the purpose of giving information with regard to Erste Group and the New Shares which, according to the particular nature of Erste Group Bank and the New Shares, is necessary to enable Offerees to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of Erste Group Bank.

Erste Group Bank accepts responsibility for the information contained in this Prospectus. Erste Group Bank has taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of the knowledge of Erste Group Bank, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Financial statements incorporated by reference*" below). Such documents shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

This Prospectus has been approved as a prospectus by the FMA and has been filed with the Filing Office (*Meldestelle*) at OeKB in accordance with the Capital Markets Act. This Prospectus will also be filed as a listing prospectus (*Börseprospekt*) with the Vienna Stock Exchange in accordance with the Austrian Stock Exchange Act 1989, as amended (*Börsegesetz*) (the "Stock Exchange Act").

In connection with (i) the public offerings to subscribe for, or purchase, the New Shares in the Czech Republic and Romania, and (ii) the Share Admission, the approval of this Prospectus by the FMA referred to above has been notified to the Czech National Bank ("CNB") and the National Securities Commission ("NSC"), respectively, pursuant to Section 8b (3) Capital Markets Act, and in accordance with the rules applied by it for the passporting of prospectuses between member states of the European Economic Area (the "EEA").

The Existing Shares are already admitted to trading on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange and are traded in the Prime Market segment thereof. As a result of such admission, Erste Group Bank is already subject to the informational reporting requirements of the Stock Exchange Act. In accordance with the Stock Exchange Act and the Prime Market regulation (*Regelwerk Prime Market*), Erste Group Bank is required to file (i) three quarterly reports as well as annual financial statements, (ii) a corporate action timetable and (iii) notices of shareholders' meetings and of dividend distributions, issuance of new shares, exercise of subscription or conversion rights, modification of shareholders' rights, substantial modifications in stakeholdings formerly published, if known, the name of and changes of the Austrian paying agent, buy-back programmes relating to its shares and any new facts likely to have a significant influence on the price of its shares (ad-hoc information). Most of these filing requirements comprise an additional communication to the FMA. Information relating to quarterly reports, annual reports, shareholders' meetings and notices of new price-sensitive information can be found on the Vienna Stock Exchange's website at [www.wienerborse.at](http://www.wienerborse.at) and on Erste Group Bank's website at [www.erstegroup.com](http://www.erstegroup.com). For a description of applicable regulations in the Czech Republic and Romania, see "*Description of the share capital and applicable regulations—Regulation of Austrian, Czech and Romanian securities markets*".

This Prospectus has been prepared on the basis that all offers to subscribe for, or to purchase, the New Shares, other than the offers contemplated in the Prospectus in Austria, the Czech Republic and Romania, as the case may be, once it has been approved under the Prospectus Directive, (i) will not be made as offers to the public in any member state of the EEA or (ii) will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers to subscribe for, or to purchase, New Shares. Accordingly, any person making or intending to make any offer within the EEA of New Shares which are the subject of the placement contemplated in this Prospectus should only do so in circumstances in which (i) such offer does not constitute an offer to the public or (ii) no obligation arises for Erste Group Bank or any of the Managers to produce a prospectus for such offer. Neither Erste Group Bank nor any of the Managers have authorised or intend to authorise the making of any offer to subscribe for, or to purchase, New Shares through any financial intermediary, other than offers made by the Managers which constitute the final placement of the New Shares contemplated in this Prospectus.

In the United Kingdom, this Prospectus is being distributed only to, and is directed only at persons (i) who have professional experience in matters relating to investments falling within Article 19(5) of the order regarding financial promotion, issued on the basis of the Financial Services and Markets Act 2000, as amended, (the "Order"); or (ii) who fall within Article 49(2)(a) to (d) of the Order; or (iii) to whom it may otherwise be lawfully communicated (all such persons together being referred to as "Relevant Persons"). This Prospectus must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. The New Shares are only available to, and any investment or investment activity to which this Prospectus relates is available only to Relevant Persons, and will be engaged in only with such persons.

For a more detailed description of selling restrictions that are applicable in respect of investors in the United States, the EEA, the United Kingdom, Australia, Canada and Japan, see "*Selling restrictions*".

## Certain U.S. matters

The New Shares and Subscription Rights have not been and will not be registered under the Securities Act or with any securities authority of any state of the United States. They may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Subscription Rights and the New Shares may not be offered or sold (i) within the United States except to QIBs in transactions exempt from the registration requirements of the Securities Act, or (ii) outside the United States, except in offshore transactions in compliance with Regulation S under the Securities Act. Prospective purchasers are hereby notified that sellers of the New Shares or Subscription Rights may be relying on an exemption from Section 5 of the Securities Act provided by Rule 144A. For a further description of certain restrictions on the offer to subscribe for, and sale of, the New Shares, see "*Selling restrictions*" and "*Transfer restrictions*".

The New Shares and Subscription Rights have not been recommended by any United States federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the Combined Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective purchaser to consider purchasing the particular securities described herein.

The information contained in this Prospectus has been provided by Erste Group Bank and the other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by Erste Group Bank and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of Erste Group Bank, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the securities described herein. Investors agree to the foregoing by accepting delivery of this Prospectus.

### Notice to New Hampshire residents only

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

### Enforcement of foreign judgements and service of process

Erste Group Bank is an *Aktiengesellschaft* (a stock corporation) organised under the laws of Austria. The directors and certain executive officers of Erste Group Bank and certain experts named in this Prospectus are residents of Austria and all or a substantial portion of the assets of such persons and of Erste Group Bank are located outside of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon

Erste Group Bank or such other persons or to enforce against them in U.S. courts judgements obtained in such courts based on the civil liability provisions of the U.S. securities laws. In general, the enforceability in Austrian courts of final judgements of U.S. courts would require retrial of the case in Austria.

### **Available information**

For such time as Erste Group Bank is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, Erste Group Bank will furnish to any holder or beneficial owner of New Shares, or to any prospective purchaser designated by any such registered holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act upon written request of any such person.

### **Notice to nominees, custodians and financial intermediaries**

Any person, including nominees, custodians and other financial intermediaries, who would, or otherwise intends to, or has a contractual obligation to, forward this Prospectus or any information relating to the Combined Offering to any jurisdiction outside of Austria, the Czech Republic and Romania, should adhere to the restrictions set out in "*Certain U.S. matters*", "*The Combined Offering—Special considerations for U.S. investors*", "*Selling restrictions*" and "*Transfer restrictions*". In connection with any exercise of any Subscription Rights, or any sales or purchases of any Subscription Rights, nominees, custodians and financial intermediaries will be deemed to have represented, warranted and agreed that they have complied with the terms of the Combined Offering.



# Table of contents

Important information about the Combined Offering .....	1
Certain U.S. matters .....	4
Notice to New Hampshire residents only .....	4
Enforcement of foreign judgements and service of process .....	4
Available information .....	5
Notice to nominees, custodians and financial intermediaries .....	5
Financial statements incorporated by reference .....	11
Supplemental prospectus .....	11
Sources of information .....	12
General information .....	13
Subject matter of the Prospectus .....	13
Forward-looking statements .....	13
Industry and market data .....	14
Presentation of financial information .....	14
Documents on display .....	15
Exchange rates .....	16
Additional information .....	18
Summary of the prospectus .....	19
Section A—Introduction and warnings .....	19
Section B—Issuer .....	19
Section C—Securities .....	36
Section D—Risks .....	38
Section E—Offer .....	41
Risk factors .....	53
Risks related to the business of Erste Group .....	53
Risks related to the markets in which Erste Group operates .....	68
Risks related to the Combined Offering and the New Shares .....	75
The Combined Offering .....	81
Subject matter of the Combined Offering .....	81
Timetable for the Combined Offering .....	82
Offer Price, Subscription Price, Subscription Ratio and maximum number of New Shares .....	83
Institutional Pre-Placement .....	84
Subscription Offering .....	85
Publication of results of Institutional Pre-Placement and Subscription Offering .....	87
Termination, suspension or extension of Combined Offering .....	87
Commission .....	88
Delivery and settlement .....	88
Share Admission and commencement of trading .....	88
General and specific information on the New Shares .....	88
International Securities Identification Numbers (ISIN) .....	89
Dilution .....	89
Interests of persons participating in the Combined Offering .....	90
Special considerations for U.S. investors participating in the Subscription Offering ...	90
Special considerations for the Combined Offering in the Czech Republic .....	91
Special considerations for the Combined Offering in Romania .....	91
Background of the Combined Offering and use of proceeds .....	92
Background of the Combined Offering .....	92
Use of proceeds .....	93
Dividend policy of Erste Group Bank .....	96
General provisions relating to dividend payments on the Shares .....	96
Historical dividend payments on the Existing Shares .....	96

Market price information . . . . .	98
Capitalisation of Erste Group . . . . .	99
Erste Group selected financial and other information . . . . .	102
Management's discussion and analysis of financial condition and results of operations . .	107
Introduction . . . . .	108
Key factors that impact Erste Group's results of operations . . . . .	108
Segment reporting . . . . .	116
Significant accounting policies . . . . .	118
Changes in accounting principles . . . . .	121
Explanation of key income statement items and other financial items . . . . .	122
Three months ended 31 March 2013 compared with three months ended 31 March 2012 . . . . .	123
Financial year ended 31 December 2012 compared with financial year ended 31 December 2011 . . . . .	144
Financial year ended 31 December 2011 compared with financial year ended 31 December 2010 . . . . .	165
Balance sheet on a consolidated basis as of 31 March 2013 and 31 December 2012, 2011 and 2010 . . . . .	185
Liquidity and capital resources . . . . .	188
Capital adequacy . . . . .	196
Off-balance sheet transactions . . . . .	207
Working capital statement . . . . .	207
Recent developments and outlook . . . . .	207
Description of Erste Group's business . . . . .	209
Overview . . . . .	209
Competitive strengths . . . . .	210
Strategy . . . . .	211
Relationship with Austrian Savings Banks . . . . .	212
Haftungsverbund . . . . .	212
Erste Group's segments . . . . .	215
Subsidiaries and participations . . . . .	229
Information technology . . . . .	229
Employees . . . . .	231
Legal proceedings . . . . .	232
Acquisitions . . . . .	232
Material contracts . . . . .	233
Insurance . . . . .	235
Ratings . . . . .	235
Land and buildings . . . . .	235
Trademarks and patents . . . . .	236
Management and governing bodies . . . . .	237
Overview . . . . .	237
Supervisory Board . . . . .	238
Management Board . . . . .	252
Certain information on the members of the Management Board and the Supervisory Board . . . . .	261
Shareholders' Meeting . . . . .	261
Corporate governance . . . . .	263
Representatives of the supervisory authority . . . . .	264
Shareholder structure and participation programmes . . . . .	265
Shareholder structure . . . . .	265
Preferred partnership agreement between Erste Stiftung and CaixaBank, S.A. . . . .	266



Shareholders' agreement between Erste Stiftung and Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group . . . . .	266
Employee share ownership programmes and management share option programmes . . . . .	267
Related party transactions . . . . .	269
Transactions with Erste Stiftung . . . . .	269
Transactions with Erste Stiftung in connection with the Combined Offering . . . . .	270
Transactions with CaixaBank, S.A. . . . .	270
Transactions with Management Board members and Supervisory Board members . . . . .	270
Employee share ownership programmes and management share option programmes . . . . .	271
Risk management . . . . .	272
Risk policy and strategy . . . . .	272
Risk management organisation . . . . .	272
Current topics . . . . .	277
Group-wide risk and capital management . . . . .	281
Credit risk . . . . .	285
Market risk . . . . .	331
Liquidity risk . . . . .	337
Operational risk . . . . .	342
Selected statistical information . . . . .	354
Average balances and net interest income . . . . .	354
Changes in interest income/expenses—Volume and rate analysis . . . . .	357
Debt securities portfolio . . . . .	358
Loan portfolio by maturity . . . . .	359
Loan portfolio by sector, geographic region and risk classification . . . . .	359
Customer deposits . . . . .	359
Borrowings . . . . .	360
The Austrian banking system . . . . .	363
Overview . . . . .	363
Savings Banks . . . . .	363
Regulation and supervision . . . . .	364
State commissioners . . . . .	365
The OeNB and the European System of Central Banks . . . . .	365
Minimum reserves . . . . .	365
Statutory deposit insurance scheme . . . . .	366
Haftungsverbund . . . . .	366
Financial statements and audits . . . . .	366
Capital adequacy requirements . . . . .	367
The Banking Act . . . . .	368
Interbank Market Support Act 2008 and Financial Market Stabilisation Act 2008 . . . . .	371
Selected information on certain CEE banking systems . . . . .	372
The Croatian banking system . . . . .	372
The Czech banking system . . . . .	373
The Hungarian banking system . . . . .	374
The Romanian banking system . . . . .	376
The Slovak banking system . . . . .	380
General information on Erste Group Bank and Erste Group . . . . .	382
Formation, name, financial year, duration and notices . . . . .	382
Object and purpose of business of Erste Group Bank . . . . .	382
Structure of Erste Group . . . . .	382
Information on significant holdings of Erste Group Bank . . . . .	383
Auditors . . . . .	384
Paying agents and custodians . . . . .	384
Description of the share capital and applicable regulations . . . . .	385

Registered capital and shares . . . . .	385
History of the share capital . . . . .	385
Shares owned by or on behalf of Erste Group Bank or a subsidiary and authorisation to acquire own shares . . . . .	386
Authorised capital . . . . .	387
Conditional capital . . . . .	388
Authorised conditional capital . . . . .	389
Supplementary capital and other financing instruments . . . . .	389
General provisions on capital measures . . . . .	389
General provisions on appropriation of profits and dividends to shareholders of Erste Group Bank . . . . .	390
General provisions on liquidation proceeds of shareholders of Erste Group Bank . . . .	390
General provisions on subscription rights of shareholders of Erste Group Bank . . . . .	391
General provisions on the squeeze-out/sellout, merger/demerger . . . . .	391
General provisions on the redemption, buy-back and conversion of shares . . . . .	392
Share certificates/transferability . . . . .	392
Regulation of Austrian, Czech and Romanian securities markets . . . . .	392
Effective control . . . . .	398
Taxation . . . . .	399
Austria . . . . .	399
Czech Republic . . . . .	405
Romania . . . . .	408
Certain United States federal income tax consequences . . . . .	410
The Vienna Stock Exchange . . . . .	416
Overview . . . . .	416
The markets of the Vienna Stock Exchange . . . . .	416
Trading and settlement . . . . .	417
The Austrian Traded Index and the ATX Prime . . . . .	418
Trading volume . . . . .	418
Notification requirements . . . . .	418
The Prague Stock Exchange . . . . .	419
Overview . . . . .	419
The markets of the Prague Stock Exchange . . . . .	419
Trading and settlement . . . . .	419
Trading volume . . . . .	420
The Bucharest Stock Exchange . . . . .	421
Overview . . . . .	421
Trading and settlement . . . . .	421
Trading volume . . . . .	422
Plan of distribution . . . . .	423
Underwriting . . . . .	423
Estimated costs of the Combined Offering . . . . .	424
Indemnification . . . . .	424
Termination of the Underwriting Agreement . . . . .	424
Lock-up . . . . .	425
Other relations with the Managers . . . . .	425
Selling restrictions . . . . .	426
General . . . . .	426
Notice to investors in the United States . . . . .	426
Notice to investors in the EEA . . . . .	426
Notice to investors in the United Kingdom . . . . .	427
Notice to investors in Canada . . . . .	427
Notice to investors in Australia . . . . .	427
Notice to investors in Japan . . . . .	428

Transfer restrictions . . . . .	429
General . . . . .	429
Investors' representations and restrictions on resale . . . . .	429
Statement pursuant to Commission Regulation (EC) No 809/2004 and Section 8 (1) Capital Markets Act . . . . .	432
Glossary and list of abbreviations and definitions . . . . .	433
Annexes . . . . .	A-1
Annex 1—German translation of the summary . . . . .	A-1
Annex 2—Czech translation of the summary . . . . .	A-39
Annex 3—Romanian translation of the summary . . . . .	A-72
Annex 4—U.S. QIB investor letter . . . . .	A-108

## **Financial statements incorporated by reference**

This Prospectus should be read and construed in conjunction with (i) the audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2010, 2011 and 2012, which were prepared in accordance with IFRS (together, the "Audited Consolidated Financial Statements"), and (ii) the unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013, which were prepared in accordance with IFRS and are presented in accordance with the requirements of IAS 34 "Interim Financial Reporting" (the "Unaudited Interim Condensed Consolidated Financial Statements" and, together with the Audited Consolidated Financial Statements, the "Consolidated Financial Statements"). The English-language translations of the Consolidated Financial Statements and the English-language translations of the auditor's reports on the Audited Consolidated Financial Statements shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in the Consolidated Financial Statements shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The Prospectus is published in Austria in electronic form on Erste Group Bank's website ([www.erstegroup.com](http://www.erstegroup.com)) and by making available printed copies of the Prospectus and the documents incorporated by reference in the Prospectus free of charge during regular business hours at the following address of Erste Group Bank: Graben 21, 1010 Vienna, Austria. In the Czech Republic and Romania, the Prospectus is published in electronic form on Erste Group Bank's website ([www.erstegroup.com](http://www.erstegroup.com)). The Consolidated Financial Statements and the auditor's reports on the Audited Consolidated Financial Statements may be inspected on Erste Group's website under [www.erstegroup-financials.com](http://www.erstegroup-financials.com).

## **Supplemental prospectus**

If at any time during the duration of the Combined Offering there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of the Subscription Rights or the New Shares and which arises or is noted between the time when the Prospectus is approved by the FMA and the later of the final closing of the Combined Offering to the public and, as the case may be, the commencement of trading of the New Shares on the Vienna Stock Exchange, the Prague Stock Exchange or the Bucharest Stock Exchange, Erste Group Bank is obliged by the provisions of the Prospectus Directive and Section 6 Capital Markets Act to publish a supplement to this Prospectus and to supply to the FMA for approval such number of copies of such supplement hereto as the Capital Markets Act requires. Offerees who have already submitted subscription orders or, purchase orders, respectively, prior to the publication of the supplement or replacement prospectus have the right provided under the Capital Markets Act to withdraw these offers within two working days (excluding Saturdays) following the publication of the supplement, if the significant new factor or material mistake or inaccuracy relating to information contained in this Prospectus that requires the publication of the supplement has occurred prior to the final closing of the Combined Offering and the delivery of the New Shares.

## Sources of information

Unless otherwise stated, financial and other data provided in this Prospectus has been taken or derived from the (i) audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011, including the comparative financial information therein for the financial year ended 31 December 2010 (which show the figures for 2010 as restated in 2011; for further details, see "*General information—Presentation of financial information*") provided however that the audited consolidated financial statements as of and for the financial year ended 31 December 2010 are incorporated in this Prospectus by reference, and (ii) the Unaudited Interim Condensed Consolidated Financial Statements. Furthermore, certain statistical and other data provided in this Prospectus has been taken or derived from reports and other documents of certain national banks in countries where Erste Group operates, namely the Austrian National Bank (*Oesterreichische Nationalbank*) ("OeNB"), the CNB, the National Bank of Romania ("NBR"), the National Bank of Slovakia ("NBS"), the National Bank of Hungary ("NBH"), the Croatian National Bank ("CrNB"), the National Bank of Serbia ("NBSE") and the National Bank of Ukraine ("NBU"). In addition, certain information contained in this Prospectus derives from the following sources: the Central Statistical Office (Hungary); the Croatian Bureau of Statistics; the Czech Statistical Office; the European Central Bank ("ECB"); the European Commission; Eurostat; the Federal Reserve Bank of New York; Fitch Ratings; the Ministry of Finance of Ukraine; Moody's Corporation; the National Institute of Statistics (Romania); the Republic of Serbia Ministry of Finance and Economy; the Romanian Banking Association; the State Statistics Service of Ukraine; the Statistical Office of the Republic of Serbia; the Slovak Statistical Office; Standard & Poors; internal information of Erste Group, Erste Group Bank and Erste Bank Oesterreich; internal calculations of Erste Group Bank; and the electronic companies register (*Firmenbuch*). Erste Group Bank confirms that such information has been accurately reproduced and as far as Erste Group Bank is aware and is able to ascertain from information published by the sources of such information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Credit ratings have been issued by credit rating agencies established in the European Community and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009.

# General information

## Subject matter of the Prospectus

This Prospectus relates to: (i) a combined offering of up to 83,897,737 New Shares (which represents the full amount of the underlying authorised capital and only up to a corresponding value of approximately €660 million of targeted gross proceeds) (a) for subscription by the Subscription Offerees, and (b) for purchase to be made to selected qualified institutional investors prior to the commencement of the Subscription Offering, partially subject to claw-back and deferred settlement; and (ii) the admission to trading of up to 83,897,737 New Shares on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange, on the Prime Market of the Prague Stock Exchange, and in the International Shares Category of the Bucharest Stock Exchange.

## Forward-looking statements

This Prospectus contains statements under the captions "*Summary of the prospectus*", "*Risk factors*", "*Management's discussion and analysis of financial condition and results of operations*", "*Risk management*", "*Description of Erste Group's business*" and elsewhere which are, or may be deemed to be, "forward-looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "believe", "estimate", "anticipate", "expect", "intend", "target", "may", "will", "plan", "continue" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, goals, future events or intentions.

The forward-looking statements contained in this Prospectus include all matters that are not historical facts and include statements regarding Erste Group's intentions, beliefs or current expectations concerning, among other things, the results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industries and markets in which Erste Group operates. By their nature, forward-looking statements involve known and unknown risks and uncertainties, because they relate to events, and depend on circumstances, that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Offerees should not place undue reliance on these forward-looking statements.

Many factors could cause the actual results, performance or achievements of Erste Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of these factors are discussed in more detail under "*Risk factors*" and "*Management's discussion and analysis of financial condition and results of operations—Key factors that impact Erste Group's results of operations*" below. In addition, factors that could affect the future results, performance or achievements of Erste Group include:

- The impact of macroeconomic and financial market conditions, including interest rates, exchange rates, availability of liquidity and economic growth in the countries in which Erste Group operates as well as changes in the regulatory and legal environment;
- The impact of the ongoing European sovereign debt crisis and the measures taken by the EU, governments, central banks and international monetary organisations to stem or mitigate the negative effects of the crisis;
- Changes in the quality of Erste Group's loan portfolio, value of supporting collateral and level of provisioning;
- Difficulties in securing adequate sources of liquidity for Erste Group;
- Changes in the credit ratings of Erste Group or countries where Erste Group is active;
- Governmental factors, including the costs of compliance with regulations and the impact of regulatory changes;



- Operational risks and Erste Group's ability to recruit or retain qualified employees;
- The effectiveness of the risk management and governance arrangements under the *Haftungsverbund* and any impact that may arise from the cross-guarantee system;
- Erste Group's ability to successfully compete in the markets in which it operates;
- Erste Group's ability to increase or retain market share for its products and services;
- Erste Group's ability to meet the needs of its customers and retain customer confidence in its business;
- Other risks, uncertainties and factors inherent in Erste Group's business, including those described in more detail under "*Risk factors*"; and
- Factors which are presently unknown to Erste Group or not currently considered by Erste Group to be material.

Should one or more of these risks or uncertainties materialise or occur, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated or expected. Erste Group Bank does not intend, and does not assume any obligation, to update industry information or forward-looking statements set forth in this Prospectus.

### **Industry and market data**

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to Erste Group's business contained in this Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on Erste Group's knowledge of sales and markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring Erste Group to rely on internally developed estimates.

While Erste Group Bank has compiled, extracted and reproduced market or other industry data from external sources, including third parties or industry or general publications, Erste Group Bank has not independently verified that data. Information in this Prospectus which is based on third-party sources has been accurately reproduced and, as far as Erste Group Bank is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Subject to the foregoing, Erste Group Bank cannot assure investors of the accuracy and completeness of, and take no responsibility for, such data. The source of such third-party information is cited whenever such information is used in this Prospectus.

While Erste Group Bank believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources. Erste Group Bank cannot assure potential investors as to the accuracy of such internal estimates and that a third party using different methods to assemble, analyse or compute market data would obtain the same result. Erste Group Bank does not intend, and does not assume any obligations, to update industry or market data set forth in this Prospectus. Finally, behaviour, preferences and trends in the marketplace tend to change. As a result, investors should be aware that data in this Prospectus and estimates based on that data may not be reliable indicators of future results.

### **Presentation of financial information**

The Consolidated Financial Statements are (i) available free of charge at the specified office of Erste Group Bank or in an electronic form on Erste Group Bank's website, and (ii) incorporated into this Prospectus by reference as displayed at [www.erstegroup-financials.com](http://www.erstegroup-financials.com). See "*Financial statements incorporated by reference*" above. The interim condensed consolidated financial

statements of Erste Group as of and for the three-month period ended 31 March 2013 are unaudited.

Certain financial data included in this Prospectus relating to the financial year ended 31 December 2010 have been restated in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. In particular, the accounting for credit default swaps classified as financial guarantees in periods prior to the financial year ended 31 December 2011 was restated to classify and measure them as financial instruments at fair value through profit and loss. In addition, prior calculations as to the effective interest rates for loans and advances to customers were restated as a result of harmonising and improving certain information technology tools within Erste Group. Hence, financial information included in this Prospectus relating to the year ended 31 December 2010 is taken or derived from Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011 unless otherwise indicated. Therefore, the financial data herein relating to the financial year ended 31 December 2010 is partially different from the financial data included in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2010.

Erste Group prepares its consolidated financial statements on the basis of International Financial Reporting Standards as adopted by the EU ("IFRS").

The auditor's reports on the Audited Consolidated Financial Statements, issued to comply with applicable Austrian regulations, are incorporated into this Prospectus by reference. The audits of the Audited Consolidated Financial Statements were not conducted under and therefore these auditor's reports were not issued under Generally Accepted Auditing Standards in the United States. For information on Erste Group Bank's auditors, see "*General information on Erste Group Bank and Erste Group—Auditors*".

Any financial information in this Prospectus labelled as "audited" has been taken from the Audited Consolidated Financial Statements. Any financial information in this Prospectus labelled as "unaudited" has not been taken from those Audited Consolidated Financial Statements.

As required by Austrian law, Erste Group Bank also prepares unconsolidated financial statements under Austrian GAAP, which are not included or incorporated by reference into this Prospectus.

The financial information set forth in this Prospectus has been rounded for ease of presentation. Accordingly, in certain cases, the sum of the numbers in a column in a table may not conform to the total figure given for that column. Percentage figures included in this Prospectus have not been calculated on the basis of rounded figures but have rather been calculated on the basis of such amounts prior to rounding.

For a definition of certain financial terms used by Erste Group in this Prospectus, see "*Glossary and list of abbreviations and definitions*".

## **Documents on display**

For as long as this Prospectus is valid, hard copies of the following documents are available for inspection at the business address of Erste Group Bank (Graben 21, 1010 Vienna, Austria) during regular business hours and free of charge:

- (i) Erste Group Bank's articles of association in the version of the resolutions passed by the shareholders' meeting of Erste Group Bank (the "Shareholders' Meeting") on 15 May 2012 (the "Articles of Association");
- (ii) the Consolidated Financial Statements of Erste Group, including the auditor's reports on the Audited Consolidated Financial Statements; and
- (iii) this Prospectus (including any supplement to this Prospectus).

## Exchange rates

The exchange rates stated below are provided solely for the convenience of the reader and are not necessarily the exchange rates used by Erste Group in the preparation of its Consolidated Financial Statements incorporated by reference in this Prospectus. No representation is made that currencies stated below could have been, or could be, converted into Euro at these rates or at any other rates at all.

The following tables set out, for the periods indicated, the high, low, average and period-end reference exchange rates for the Czech koruna, the Hungarian forint, the Croatian kuna and the Romanian leu, in each case against the euro, as published by the ECB based on the daily concertation procedure between central banks within and outside the European System of Central Banks. For the Ukrainian hryvnia and the Serbian dinar exchange rates are not published by the ECB and Erste Group Bank fixings were used instead. The reference exchange rates are expressed as Czech koruna, Hungarian forint, Croatian kuna, Romanian leu, Ukrainian hryvnia and Serbian dinar per €1.00, respectively.

### Czech koruna (CZK) per euro

Calendar year	Period-end rate	Average rate	High	Low
2010	25.0610	25.2730	26.3700	24.4080
2011	25.7870	24.5870	26.0310	24.0810
2012	25.1510	25.1490	25.9630	24.4330
1 January to 28 June 2013	25.9490	25.7070	26.1210	25.2400

Source: ECB

### Hungarian forint (HUF) per euro

Calendar year	Period-end rate	Average rate	High	Low
2010	277.9500	275.4600	290.5700	261.9200
2011	314.5800	279.2400	315.6000	263.0800
2012	292.3000	289.2500	320.7800	275.1800
1 January to 28 June 2013	294.8500	296.0100	307.2500	285.8500

Source: ECB

### Croatian kuna (HRK) per euro

Calendar year	Period-end rate	Average rate	High	Low
2010	7.3830	7.2890	7.4275	7.1890
2011	7.5370	7.4390	7.5375	7.3552
2012	7.5575	7.5216	7.5890	7.3910
1 January to 28 June 2013	7.4495	7.5701	7.6203	7.4495

Source: ECB

## Romanian leu (RON) per euro

Calendar year	Period-end rate	Average rate	High	Low
2010	4.2873	4.2120	4.3738	4.0633
2011	4.3233	4.2390	4.3660	4.0725
2012	4.4445	4.4593	4.6470	4.3140
1 January to 28 June 2013	4.4603	4.3912	4.5503	4.3031

Source: ECB

## Serbian dinar (RSD) per euro

Calendar year	Period-end rate	Average rate <sup>(1)</sup>	High	Low
2010	106.1275	103.1171	108.0521	96.1979
2011	107.0795	101.9861	107.0795	96.7246
2012	112.2753	113.0917	119.1692	103.8081
1 January to 28 June 2013	113.6790	111.8735	114.7450	110.5529

Source: Bloomberg

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for other periods, means the average of the daily Bloomberg Composite Rates during that period.

## Ukrainian hryvnia (UAH) per euro

Calendar year	Period-end rate	Average rate <sup>(1)</sup>	High	Low
2010	11.7420	10.5476	11.7470	9.4446
2011	10.3708	11.1186	11.8208	10.2851
2012	10.6184	10.3955	10.7744	9.7450
1 January to 28 June 2013	10.6116	10.6757	11.0835	10.3848

Source: Bloomberg

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for other periods, means the average of the daily Bloomberg Composite Rates during that period.

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Prospectus. Erste Group Bank makes no representation that the euro or U.S. dollar amounts referred to in this Prospectus have been, could have been or could, in the future, be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for other periods, means the average of the daily Bloomberg Composite Rates during that period.

The Bloomberg Composite Rate of the euro on 28 June 2013 was \$1.3005 per €1.00.

## U.S. dollars per euro

Calendar year	Period-end rate	Average rate <sup>(1)</sup>	High	Low
2010	1.3366	1.3266	1.4510	1.1952
2011	1.2960	1.3924	1.4874	1.2925
2012	1.3197	1.2859	1.3463	1.7053
1 January to 28 June 2013	1.3005	1.3132	1.3671	1.2772

Source: Bloomberg

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for other periods, means the average of the daily Bloomberg Composite Rates during that period.

### Additional information

Erste Group Bank has obtained all necessary consents, approvals and authorisations in Austria in connection with the Combined Offering and the application for the Share Admission.

The New Shares will be issued by partially exercising the authorisation granted by the Shareholders' Meeting of 12 May 2010 in accordance with the resolution of the Management Board passed on 28 June 2013, the resolution of the Supervisory Board passed on 1 July 2013, and further resolutions to be passed by the Management Board and the executive committee (*Exekutivausschuss*) of the Supervisory Board after the date of the Prospectus relating to the issue of the New Shares.

The Existing Shares are represented by several interim global share certificates (*Zwischensammelurkunden*), that are deposited with OeKB, Am Hof 4, 1010 Vienna, Austria.

Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of Erste Group and no material adverse change in the prospects of Erste Group Bank since 31 March 2013.

No governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Erste Group Bank is aware), during the twelve months preceding the date of this Prospectus, are expected to have, or have had in the recent past, significant effects on Erste Group Bank or Erste Group's financial position or profitability, save as disclosed in "*Description of Erste Group's business—Legal proceedings*".

## Summary of the prospectus

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in sections A—E (A.1—E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

### Section A—Introduction and warnings

<b>A.1</b>	<p>This summary should be read as an introduction to this prospectus (the “Prospectus”). Any decision to purchase the securities offered hereby should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the respective member states of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Erste Group Bank AG (the “Issuer” or “Erste Group Bank”, and together with its consolidated subsidiaries at the date of this Prospectus, “Erste Group”), can be held liable for the content of the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or if it does not provide, when read together with the other parts of the Prospectus, all required key information in order to aid investors when considering whether to purchase such securities.</p>	
<b>A.2</b>	<ul style="list-style-type: none"> <li>• Consent by the issuer or person responsible for drawing up the prospectus to the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries.</li> <li>• Indication of the offer period within which subsequent resale or final placement of securities by financial intermediaries can be made and for which consent to use the prospectus is given.</li> <li>• Any other clear and objective conditions attached to the consent which are relevant for the use of the prospectus.</li> <li>• Notice in bold informing investors that information on the terms and conditions of the offer by any financial intermediary is to be provided at the time of the offer by the financial intermediary.</li> </ul>	<p>Not applicable (consent of Erste Group Bank regarding the use of the Prospectus for a subsequent resale or final placement of securities offered hereby by financial intermediaries has not been granted).</p>

### Section B—Issuer

<b>B.1</b>	<b>Legal and commercial name</b>	The legal name of Erste Group Bank is “Erste Group Bank AG”, its commercial name is “Erste Group”. “Erste Group” also refers to Erste Group Bank and its consolidated subsidiaries.
<b>B.2</b>	<b>Domicile/Legal form/ Legislation/Country of incorporation</b>	Erste Group Bank is a stock corporation ( <i>Aktiengesellschaft</i> ) organised and operating under Austrian law, registered with the companies register ( <i>Firmenbuch</i> ) at the Vienna Commercial Court ( <i>Handelsgericht Wien</i> ) under the registration number FN 33209m. Erste Group Bank’s registered office is in Vienna, Austria. It has its business address at Graben 21, 1010 Vienna, Austria.



**Section B—Issuer**

<p><b>B.3</b></p>	<p><b>Current operations and principal business activities and principal markets in which the issuer competes</b></p>	<p>Erste Group is a leading banking group focused on retail and corporate customers in Austria and Central and Eastern Europe (“CEE”). Erste Group offers its customers a broad range of services that, depending on the particular market, includes deposit and current account products, mortgage and consumer finance, investment and working capital finance, private banking, investment banking, asset management, project finance, international trade finance, trading, leasing and factoring. Erste Group is among the leading banking groups in Austria, the Czech Republic, Romania and Slovakia by assets, total loans and total deposits, and has significant operations in Hungary, Croatia and Serbia. It serves approximately 16.6 million customers across Austria and its core CEE markets. Erste Group Bank is also the lead bank of the Austrian Savings Banks Sector. As of 31 December 2012, Erste Group had €213.8 billion in total assets and €16.3 billion in total equity and generated €3,472.8 million in operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) and €483.5 million in net profit for the year attributable to owners of the parent for the year ended 31 December 2012. As of the same date, Erste Group had total participation capital of €1,756.6 million. As of 31 March 2013, Erste Group had €213.0 billion in total assets and €16.4 billion in total equity and generated €835.4 million in operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses), and €176.2 million in net profit for the period attributable to owners of the parent for the three-month period ended 31 March 2013. As of the same date, Erste Group had total participation capital of €1,756.6 million. Erste Group Bank operates as the parent company and remains the sole company of Erste Group listed on a stock exchange in the EEA.</p> <p>“Erste Group” consists of Erste Group Bank, together with its subsidiaries and participations, including Erste Bank Oesterreich in Austria, Česká spořitelna in the Czech Republic, Banca Comercială Română in Romania, Slovenská sporiteľňa in Slovakia, Erste Bank Hungary in Hungary, Erste Bank Croatia in Croatia, Erste Bank Serbia in Serbia and, in Austria, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, other savings banks of the <i>Haftungsverbund</i>, Immorent, and others. On 29 April 2013, Erste Group completed the sale of Public Company “Erste Bank” (“Erste Bank Ukraine”, formerly Bank Prestige, from January 2007) to the shareholders of Fidobank. Erste Group had 48,801 employees (full-time equivalents) worldwide as of 31 March 2013 (of which 1,532 (full-time equivalents) were employed by Erste Group Bank).</p> <p>Erste Group believes that its business is characterized by the following competitive strengths: (i) leading market positions in retail and corporate banking; (ii) a proven and resilient business model; (iii) being active in geographic markets with comparably low levels of GDP and banking penetration; and (iv) its recognised and trusted brand.</p>
-------------------	---	--

Section B—Issuer		
		<p>Erste Group aims to strengthen its market position in its core markets through the following strategies while maintaining its focus on strict cost management: (i) sharpening of its geographic focus on Austria and the Eastern part of the European Union through local customer lending funded by local deposits and strengthening corporate banking relationships; and (ii) continuing to focus on customer business in core region through capital markets' activities tailored to customers' needs, a balanced approach to growth of public sector business and an interbank business focused on banks in core markets.</p> <p>Of the seven banking sectors, the Savings Banks Sector is the third largest, accounting for approximately €165.4 billion of total assets (excluding Bank Austria) as of 30 September 2012 (source: Website of the OeNB reviewed in February 2013). The Savings Banks Sector then comprised the independent savings banks (excluding Bank Austria), with Erste Group Bank operating as the central financial institution of the Savings Banks Sector.</p>
<b>B.4a</b>	<b>Most significant recent industry trends affecting the issuer and industries in which it operates</b>	<p>Erste Group believes that the following trends are affecting the retail and corporate banking industry in Austria and Central and Eastern Europe:</p> <ul style="list-style-type: none"> <li>• <i>Macroeconomic environment.</i> The development of real GDP, household incomes, retail spending, corporate investment, the unemployment rate and government indebtedness are all key factors which affect demand for banking services globally and in the geographic markets in which Erste Group is active. While Erste Group believes that these indicators will develop more positively in Austria and Central and Eastern Europe in the long term, especially compared to the Eurozone and the European Union, the current outperformance is limited due to the slow growth environment prevailing in Europe in 2012 and 2013. As a result of this trend, demand for banking services is likely to remain subdued in the short term in the geographic markets in which Erste Group is active.</li> <li>• <i>Regulatory changes and taxation.</i> The European banking industry is subject to increased regulation imposed by supranational and national regulatory bodies, including higher capital requirements, higher liquidity requirements, restrictions on leverage as well as lending. There is a broadening trend for governments to impose additional taxes and levies on banks, including financial transaction taxes. All of these measures result in a higher cost of doing business and have an adverse effect on profitability.</li> <li>• <i>Change in customer behaviour and technological change.</i> A strengthening trend towards the increased use of electronic and mobile channels will require banks to adapt their customer-facing infrastructure, invest in new technologies, such as applications for smartphones and other mobile devices, and retrain their employees.</li> </ul>

<b>Section B—Issuer</b>		
<b>B.5</b>	<b>Description of group and the issuer's position within the group</b>	<p>Erste Group Bank is the parent company of Erste Group. As of 31 March 2013, Erste Group Bank directly and indirectly holds interests in the following companies:</p> <ul style="list-style-type: none"> <li>• Česká spořitelna, a.s. ("Česká spořitelna") (99.0%);</li> <li>• Banca Comercială Română S.A. ("BCR") (93.3%);</li> <li>• Slovenská sporiteľňa, a.s. ("Slovenská sporiteľňa") (100.0%);</li> <li>• Erste Bank Hungary Zrt ("Erste Bank Hungary") (100.0%);</li> <li>• Erste &amp; Steiermärkische Bank d.d. ("Erste Bank Croatia") (69.3%);</li> <li>• ERSTE BANK AD NOVI SAD ("Erste Bank Serbia") (80.5%);</li> <li>• Public Company "Erste Bank" ("Erste Bank Ukraine") (100.0%);</li> <li>• Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank Oesterreich") (100.0%), including interest in Salzburger Sparkasse Bank AG (98.7%), Tiroler Sparkasse Bankaktiengesellschaft (75.0%), Bausparkasse der österreichischen Sparkassen AG (95.0%), Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft (75.0%) and Haftungsverbund GmbH (63.5%);</li> <li>• Brokerjet Bank AG (100.0%);</li> <li>• Erste Group Immorent AG (100.0%);</li> <li>• Erste Asset Management GmbH (100.0%); and</li> <li>• s IT Solutions Holding GmbH (100.0%).</li> </ul> <p>On 29 April 2013, Erste Group completed the sale of Erste Bank Ukraine to the shareholders of Fidobank.</p>
<b>B.6</b>	<b>Persons who, directly and indirectly, have a notifiable interest in the issuer's capital or voting rights</b>	<p>The following gives an overview of legal entities that, based on voting rights notifications provided to Erste Group Bank, directly or indirectly hold voting rights in Erste Group Bank. Changes in the voting rights percentages, however, could remain unknown to Erste Group Bank if they occurred between the applicable voting rights thresholds or the proper reports were omitted. The voting rights percentages can also change even though the number of voting rights held by the respective shareholder remains the same, e.g., due to an increase or decrease of the share capital of Erste Group Bank and the related overall number of voting rights. In light of this, it is possible, and in some cases also probable, that the reports available to Erste Group Bank do not in every case reflect the actual voting rights percentages.</p> <ul style="list-style-type: none"> <li>• According to its most recent voting rights notification received on 28 June 2013, 26.40% of the shares in Erste Group Bank were attributable to DIE ERSTE Österreichische Spar-Casse Privatstiftung ("Erste Stiftung"), including shares held by Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group attributable to Erste Stiftung on the basis of a shareholders' agreement.</li> <li>• According to its most recent voting rights notification published on 24 November 2011, 9.98% of the shares in Erste Group Bank were held by CaixaBank, S.A. (formerly Criteria Caixacorp, S.A.) (not taking into account the increases in the share capital of Erste Group Bank implemented after that date and the acquisition by CaixaBank, S.A. of 1,000,000 additional shares in Erste Group Bank AG from Erste Stiftung in 2012).</li> </ul>

**Section B—Issuer**

**Different voting rights**

**Direct and indirect ownership of or control over the issuer and nature of such control**

- According to its most recent voting rights notification published on 9 January 2013, 4.42% of the shares in Erste Group Bank were held by Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung.

Not applicable (each of the shares issued by Erste Group Bank carries one vote).

For information regarding the percentages of shares attributable to Erste Stiftung, CaixaBank, S.A. and Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung, see above. In addition, the members of Erste Group Bank's supervisory board (the "Supervisory Board") Georg Winckler (first deputy chairman) and Friedrich Lackner (delegated by the employees' council) are members of the supervisory board of Erste Stiftung. Bernhard Kainz (delegated by the employees' council of Erste Bank Oesterreich) is also a member of the supervisory board of Erste Stiftung. Moreover, Erste Group Bank's articles of association in the version adopted by the shareholders' meeting on 15 May 2012 provide that as long as Erste Stiftung is liable for all present and future liabilities of Erste Group Bank in the case of Erste Group Bank's insolvency pursuant to Section 92 (9) Austrian Banking Act (*Bankwesengesetz*) (the "Banking Act"), Erste Stiftung has the right to appoint up to one-third of those Supervisory Board members who are elected by the shareholders' meeting of Erste Group Bank (the "Shareholders' Representatives"). To date, Erste Stiftung has not exercised its appointment right, so that all of the Shareholders' Representatives have been elected by the shareholders' meeting of Erste Group Bank.

Erste Stiftung and CaixaBank, S.A. have entered into a preferred partnership agreement (the "PPA"), under which Erste Stiftung granted CaixaBank, S.A. the status of a friendly investor and preferred investment partner. Under the PPA, CaixaBank, S.A. is entitled to nominate one person for election as member of the Supervisory Board by the shareholders' meeting of Erste Group Bank, whose proposal is to be supported in the election by Erste Stiftung. In return, CaixaBank, S.A. agreed to refrain from participating in a hostile takeover bid for shares in Erste Group Bank and granted Erste Stiftung a right of first refusal and option rights with respect to the shares CaixaBank, S.A. holds in Erste Group Bank. Furthermore, Erste Stiftung agreed not to grant rights to third parties that are more favourable than those granted to CaixaBank, S.A., except in limited circumstances. The PPA has been cleared by the Austrian Takeover Commission (*Übernahmekommission*).

Erste Stiftung and Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group ("WSW"), a shareholder of Erste Group Bank, have entered into a shareholders' agreement (the "Shareholders' Agreement"), under which WSW undertakes to vote in elections of Supervisory Board members in accordance with the proposals of Erste Stiftung. The Shareholders' Agreement does not limit the exercise of voting rights in Erste Group Bank by WSW in all other cases. For the term of the Shareholders' Agreement, WSW and its direct and indirect subsidiaries may not initiate or take part in hostile takeover bids for Erste Group Bank, or cooperate in any other way with bidders in such hostile takeovers.

## Section B—Issuer

<b>B.7</b>	<b>Selected historical key financial information regarding the issuer, presented for each financial year or period covered by the historical financial information (as of and for the three-month period ended 31 March 2013 including comparative financial information for the three-month period ended 31 March 2012 and the financial years ended 31 December 2012, 2011 and 2010).</b>
------------	---

### Summary financial and other information

The financial data below relating to the financial years ended 31 December 2012 and 2011 have been derived from Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 2011, respectively, or are based on accounting records, internal calculations or information of Erste Group Bank. Certain financial data relating to the financial year ended 31 December 2010 have been restated in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. In particular, the accounting for credit default swaps classified as financial guarantees in periods prior to the financial year ended 31 December 2011 was restated to classify and measure them as financial instruments at fair value through profit and loss. In addition, prior calculations as to the effective interest rates for loans and advances to customers were restated as a result of harmonising and improving certain information technology tools within Erste Group. Financial information included in this section relating to the year ended 31 December 2010 is taken or derived from the audited consolidated financial statements as of and for the financial year ended 31 December 2011. Therefore, the financial data relating to the financial year ended 31 December 2010 included in this Prospectus is partially different from the financial data included in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2010. The financial data below relating to the three-month periods ended 31 March 2013 and 31 March 2012 are taken or derived from Erste Group Bank's unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013, or are based on accounting records, internal calculations or information of Erste Group Bank.

Any financial information in the following tables labelled as "audited" has been taken from Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 2011. Any financial information in the following tables labelled as "unaudited" has not been taken from those audited consolidated financial statements.

The following figures were subject to rounding adjustments that were carried out according to established commercial standards. As a result, the figures stated in a table may not exactly add up to the total values that may also be stated in the table.

## Income statement data

The table below sets forth selected income statement data for the three-month periods ended 31 March 2013 and 2012 and the years ended 31 December 2012, 2011 and 2010:

### Income statement data

in € million	For the three months ended 31 March		For the year ended 31 December		
	2013 unaudited	2012	2012 audited, unless otherwise indicated	2011	2010
Net interest income . . . . .	1,240.6	1,336.9	5,235.3	5,569.0	5,439.2
Operating income <sup>(1)</sup> (unaudited) . . . . .	1,766.6	1,860.8	7,229.5	7,478.5	7,603.7
General administrative expenses . . . . .	(931.2)	(945.1)	(3,756.7)	(3,850.9)	(3,816.8)
Operating result <sup>(2)</sup> (unaudited) . . . . .	835.4	915.7	3,472.8	3,627.6	3,786.9
Pre-tax profit/loss . . . . .	301.4	487.1	801.2	(322.2)	1,324.2
Net profit/loss for the period/year . . . . .	235.0	379.9	631.0	(562.6)	1,043.3
<b>Net profit for the period/year attributable to owners of the parent . . . . .</b>	<b>176.2</b>	<b>346.5</b>	<b>483.5</b>	<b>(718.9)</b>	<b>878.7</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 including comparative financial information for the three-month period ended 31 March 2012.

- (1) Operating income includes net interest income, net fee and commission income, and net trading result and is unaudited for the years ended 31 December 2012, 2011 and 2010. The following table shows the calculation of operating income for the three-month periods ended 31 March 2013 and 2012 and the years ended 31 December 2012, 2011 and 2010:

in € million	For the three months ended 31 March		For the year ended 31 December		
	2013 unaudited	2012	2012 audited, unless otherwise indicated	2011	2010
Net interest income . . . . .	1,240.6	1,336.9	5,235.3	5,569.0	5,439.2
Net fee and commission income . . . . .	448.2	430.3	1,720.8	1,787.2	1,842.5
Net trading result . . . . .	77.8	93.6	273.4	122.3	321.9
<b>Operating income (unaudited) . . . . .</b>	<b>1,766.6</b>	<b>1,860.8</b>	<b>7,229.5</b>	<b>7,478.5</b>	<b>7,603.7</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 including comparative financial information for the three-month period ended 31 March 2012.

- (2) Operating result equals operating income minus general administrative expenses and is unaudited for the years ended 31 December 2012, 2011 and 2010. The following table shows the calculation of operating result for the three-month periods ended 31 March 2013 and 2012 and the years ended 31 December 2012, 2011 and 2010:

in € million	For the three months ended 31 March		For the year ended 31 December		
	2013 unaudited	2012	2012 audited, unless otherwise indicated	2011	2010
Operating income (unaudited) . . . . .	1,766.6	1,860.8	7,229.5	7,478.5	7,603.7
General administrative expenses . . . . .	(931.2)	(945.1)	(3,756.7)	(3,850.9)	(3,816.8)
<b>Operating result (unaudited) . . . . .</b>	<b>835.4</b>	<b>915.7</b>	<b>3,472.8</b>	<b>3,627.6</b>	<b>3,786.9</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 including comparative financial information for the three-month period ended 31 March 2012.



## Balance sheet data

The table below sets forth selected balance sheet data as of 31 March 2013 and 31 December 2012, 2011 and 2010:

### Balance sheet data

in € million	As of	As of 31 December		
	31 March 2013 unaudited	2012 audited, unless otherwise indicated	2011	2010
Loans and advances to credit institutions . . . . .	11,964.4	9,074.1	7,577.7	12,496.5
Loans and advances to customers . . . . .	130,335.0	131,927.5	134,749.5	132,334.1
Risk provisions for loans and advances . . . . .	(7,695.4)	(7,643.7)	(7,027.3)	(6,119.1)
Trading and other financial assets <sup>(1)</sup> (unaudited)	47,386.9	47,286.2	44,007.8	39,955.5
Sundry assets <sup>(2)</sup> (unaudited) . . . . .	30,998.7	33,180.0	30,698.7	27,103.0
<b>Total assets . . . . .</b>	<b>212,989.6</b>	<b>213,824.0</b>	<b>210,006.3</b>	<b>205,770.0</b>
<b>Liabilities and equity</b>				
Deposits by banks . . . . .	20,678.3	21,822.1	23,785.3	20,153.9
Customer deposits . . . . .	123,123.6	123,052.9	118,880.2	117,016.3
Debt securities in issue and subordinated liabilities (unaudited) <sup>(3)</sup> . . . . .	35,177.2	34,750.7	36,564.2	37,136.5
Sundry liabilities <sup>(4)</sup> (unaudited) . . . . .	17,580.8	17,859.8	15,596.7	14,905.2
Total equity . . . . .	16,429.7	16,338.5	15,180.0	16,558.0
attributable to non-controlling interests . . . . .	3,518.0	3,483.2	3,142.9	3,443.6
attributable to owners of the parent . . . . .	12,911.6	12,855.3	12,037.1	13,114.4
<b>Total liabilities and equity . . . . .</b>	<b>212,989.6</b>	<b>213,824.0</b>	<b>210,006.3</b>	<b>205,770.0</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013.

(1) Trading and other financial assets is the subtotal of the line items trading assets, financial assets—at fair value through profit or loss, financial assets—available for sale and financial assets—held to maturity and is unaudited for the years ended 31 December 2012, 2011 and 2010. The following table shows the calculation of trading and other financial assets as of 31 March 2013 and 31 December 2012, 2011 and 2010:

in € million	As of	As of 31 December		
	31 March 2013 unaudited	2012 audited, unless otherwise indicated	2011	2010
Trading assets . . . . .	6,511.6	5,178.0	5,875.8	5,535.5
Financial assets—at fair value through profit or loss . . . . .	656.8	715.8	1,813.1	2,434.2
Financial assets—available for sale . . . . .	21,190.2	22,417.7	20,245.3	17,751.1
Financial assets—held to maturity . . . . .	19,028.3	18,974.7	16,073.6	14,234.7
<b>Trading and other financial assets (unaudited) . . . . .</b>	<b>47,386.9</b>	<b>47,286.2</b>	<b>44,007.8</b>	<b>39,955.5</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013.

- (2) Sundry assets is the subtotal of line items cash and balances with central banks, derivative financial instruments, equity method investments, intangible assets, property and equipment, investment property, current tax assets, deferred tax assets, assets held for sale and other assets and is unaudited for the years ended 31 December 2012, 2011 and 2010. The following table shows the calculation of sundry assets as of 31 March 2013 and 31 December 2012, 2011 and 2010:

in € million	As of	As of 31 December		
	31 March 2013 unaudited	2012 audited, unless otherwise indicated	2011	2010
Cash and balances with central banks . . . . .	7,445.8	9,740.5	9,412.9	5,839.4
Derivative financial instruments . . . . .	11,429.4	13,289.4	10,930.8	8,507.9
Equity method investments . . . . .	211.1	174.1	173.1	223.5
Intangible assets . . . . .	2,858.2	2,893.9	3,532.0	4,674.6
Property and equipment . . . . .	2,156.3	2,227.9	2,360.8	2,445.6
Investment property . . . . .	1,011.1	1,022.9	1,139.3 <sup>(a)</sup>	1,163.1 <sup>(b)</sup>
Current tax assets . . . . .	133.1	127.6	115.7	116.5
Deferred tax assets . . . . .	679.5	657.5	701.9	616.8
Assets held for sale . . . . .	618.0	708.1	87.2	52.5
Other assets . . . . .	4,456.2	2,338.1	2,245.1 <sup>(a)</sup>	3,463.2 <sup>(b)</sup>
<b>Sundry assets (unaudited)</b> . . . . .	<b>30,998.7</b>	<b>33,180.0</b>	<b>30,698.7</b>	<b>27,103.0</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013.

- (a) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 31 December 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.
- (b) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 1 January 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.

- (3) The sum of debt securities in issue and subordinated liabilities is unaudited for the years ended 31 December 2012, 2011 and 2010.

- (4) Sundry liabilities is the subtotal of line items value adjustments from portfolio fair value hedges, derivative financial instruments, trading liabilities, provisions, current tax liabilities, deferred tax liabilities, other liabilities and liabilities associated with assets held for sale and is unaudited for the years ended 31 December 2012, 2011 and 2010. The following table shows the calculation of sundry liabilities as of 31 March 2013 and 31 December 2012, 2011 and 2010:

in € million	As of	As of 31 December		
	31 March 2013 unaudited	2012 audited, unless otherwise indicated	2011	2010
Value adjustments from portfolio fair value hedges . . . . .	1,428.6	1,220.0	914.7 <sup>(a)</sup>	502.0 <sup>(b)</sup>
Derivative financial instruments . . . . .	9,314.1	10,878.4	9,336.6	8,398.8
Trading liabilities . . . . .	368.4	481.0	535.6	215.7
Provisions . . . . .	1,494.1	1,487.7	1,580.1	1,544.5
Current tax liabilities . . . . .	72.9	53.0	33.7	68.4
Deferred tax liabilities . . . . .	292.4	323.5	344.8	328.1
Other liabilities . . . . .	4,267.6	3,077.3	2,851.3 <sup>(a)</sup>	3,847.7 <sup>(b)</sup>
Liabilities associated with assets held for sale . . . . .	342.7	338.9	0.0 <sup>(a)</sup>	0.0 <sup>(b)</sup>
<b>Sundry liabilities (unaudited)</b> . . . . .	<b>17,580.8</b>	<b>17,859.8</b>	<b>15,596.7</b>	<b>14,905.2</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013.

- (a) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 31 December 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.
- (b) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 1 January 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.

## Selected operational information

The table below sets forth certain information relating to selected operational information as of and for the three-month periods ended 31 March 2013 and 2012 and the years ended 31 December 2012, 2011 and 2010. While the information on Erste Group's regulatory key ratios tier-1 capital, core tier-1 capital, core tier-1—total risk, tier-1 ratio—total risk and solvency ratio under the Banking Act as of 31 December 2012, 2011 and 2010 has been calculated on the basis of Austrian GAAP, information as of 31 March 2013 has been calculated on the basis of IFRS. The scope of consolidation for accounting purposes in accordance with IFRS and for regulatory purposes differ, particularly in the treatment of *de minimis* entities, non-financial companies and insurance companies that are not fully consolidated for regulatory purposes. Therefore, the components of regulatory capital deviate from those of consolidated equity, which is prepared for all periods presented in accordance with IFRS. In the first quarter of 2013, Erste Group calculated consolidated regulatory capital and consolidated regulatory capital requirements for the first time based on IFRS. Amounts as of 31 March 2013 and 31 December 2012, 2011 and 2010 therefore are not fully comparable.

### Key ratios

	As of and for the three-month period ended 31 March		As of and for the year ended 31 December		
	2013 unaudited	2012	2012 audited, unless otherwise indicated	2011	2010
Return on equity (ROE) <sup>(1)</sup> (in %) . . . . .	5.4	11.2	3.8	—	6.7
Dividend pay-out ratio <sup>(2)</sup> (in %) (unaudited) . . .	—	—	32.6	—	30.1
Cost/income ratio <sup>(3)</sup> (in %) . . . . .	52.7	50.8	52.0	51.5	50.2
Risk costs <sup>(4)</sup> (in %) (unaudited) . . . . .	1.23	1.72	1.48	1.68	1.55
Tier-1 capital (in € million) <sup>(5)</sup> . . . . .	12,184	12,200	12,223	11,909	12,219
Core tier-1 capital (in € million) <sup>(6)</sup> . . . . .	11,809	11,425	11,848	10,681	11,019
Core tier-1 ratio—total risk <sup>(7)</sup> (in %) . . . . .	11.2	10.2	11.2	9.4	9.2
Tier-1 ratio—total risk <sup>(8)</sup> (in %) . . . . .	11.6	10.9	11.6	10.4	10.2
Solvency ratio <sup>(9)</sup> (in %) . . . . .	15.9	14.4	15.5	14.4	13.5

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013 including comparative financial information for the three-month period ended 31 March 2012, except that the figures shown under "Dividend pay-out ratio" and "Risk costs" and the figures as of 31 March 2012 for "Tier-1 capital", "Core tier-1 capital", "Core tier-1 ratio—total risk", "Tier-1 ratio—total risk" and "Solvency ratio" are based on internal calculations or information of Erste Group Bank.

(1) The return on equity (ROE) is the ratio of annualised net profit/loss (calculated as net profit/loss for the three-month period multiplied by four) or net profit/loss for the year attributable to owners of the parent as a percentage of average equity attributable to owners of the parent (disclosed as "average attributed equity" in the segment reporting of the respective financial statements mentioned below the following table). The average equity attributable to owners of the parent is calculated based on the equity attributable to owners of the parent outstanding as of the close of each month of the three-month period or as of the close of each of the twelve months of the year, as the case may be. The following table shows the calculation of the return on equity (ROE) for the three-month periods ended 31 March 2013 and 2012 and the financial years ended 31 December 2012, 2011 and 2010:

in € million	For the three-month period ended 31 March		For the year ended 31 December		
	2013 unaudited	2012	2012 audited, unless otherwise indicated	2011	2010
Net profit/loss for the period/year attributable to owners of the parent . . . . .	176.2	346.5	483.5	(718.9)	878.7
Annualised net profit/loss attributable to owners of the parent	704.8	1,386.0	—	—	—
Average attributed equity . . . . .	12,980.1	12,398.4	12,748.2	13,038.2	13,077.3
Return on equity (ROE) (in %) . . . . .	5.4	11.2	3.8	—	6.7

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 including comparative financial information for the three-month period ended 31 March 2012, except that the annualised net profit/loss attributable to owners of the parent is based on internal calculations or information of Erste Group Bank.

- (2) Dividend pay-out ratio represents dividends paid to owners of the parent (excluding dividends paid on participation capital) for the respective year divided by net profit for the year attributable to owners of the parent and is unaudited for the years ended 31 December 2012, 2011 and 2010. The following table shows the calculation of the dividend pay-out ratio for the financial years ended 31 December 2012, 2011 and 2010:

in € million	For the year ended 31 December		
	2012	2011	2010
Net profit/loss for the year attributable to owners of the parent . . . . .	483.5	(718.9)	878.7
Dividend paid to owners of the parent (excluding dividends paid on participation capital) . . . . .	157.8 <sup>(a)</sup>	—	264.7
<b>Dividend pay-out ratio (in %) (unaudited)</b> . . . . .	<b>32.6</b>	<b>—</b>	<b>30.1</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and internal calculations or information of Erste Group Bank.

(a) Unaudited.

- (3) The cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income, and net trading result). The following table shows the calculation of the cost/income ratio for the three-month periods ended 31 March 2013 and 2012 and the financial years ended 31 December 2012, 2011 and 2010:

in € million	For the three-month period ended 31 March		For the year ended 31 December		
	2013 unaudited	2012	2012	2011	2010
Operating expenses (general administrative expenses) . . . . .	(931.2)	(945.1)	(3,756.7)	(3,850.9)	(3,816.8)
Net interest income . . . . .	1,240.6	1,336.9	5,235.3	5,569.0	5,439.2
Net fee and commission income . . . . .	448.2	430.3	1,720.8	1,787.2	1,842.5
Net trading result . . . . .	77.8	93.6	273.4	122.3	321.9
<b>Operating income (unaudited)</b> . . . . .	<b>1,766.6</b>	<b>1,860.8</b>	<b>7,229.5</b>	<b>7,478.5</b>	<b>7,603.7</b>
<b>Cost/income ratio (in %) (unaudited)</b> . . . . .	<b>52.7</b>	<b>50.8</b>	<b>52.0</b>	<b>51.5</b>	<b>50.2</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 including comparative financial information for the three-month period ended 31 March 2012.

- (4) Risk costs are the annualised risk provisions for loans and advances (calculated as risk provisions for loans and advances for the three-month period multiplied by four) or risk provisions for loans and advances for the year in relation to average (on a quarterly basis) customer loans and are unaudited for the years ended 31 December 2012, 2011 and 2010. The following table shows the calculation of risk costs for the three-month periods ended 31 March 2013 and 2012 and the financial years ended 31 December 2012, 2011 and 2010:

in € million	For the three-month period ended 31 March		For the year ended 31 December		
	2013 unaudited	2012	2012	2011	2010
Risk provisions for loans and advances . . . . .	(402.2)	(580.6)	(1,980.0)	(2,266.9)	(2,021.0)
Annualised risk provisions for loans and advances . . . . .	(1,608.8)	(2,322.4)	—	—	—
Average customer loans (unaudited) . . . . .	130,947.6	134,694.4	133,707.4	134,731.0	130,747.5
<b>Risk costs (in %) (unaudited)</b> . . . . .	<b>1.23</b>	<b>1.72</b>	<b>1.48</b>	<b>1.68</b>	<b>1.55</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 including comparative financial information for the three-month period ended 31 March 2012, except that the annualised risk provisions for loans and advances, the average customer loans and advances and the risk costs are based on internal calculations or information of Erste Group Bank.

- (5) Tier-1 capital includes hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act.
- (6) Core tier-1 capital is the tier-1 capital excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act.
- (7) Core tier-1 ratio-total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (8) Tier-1 ratio—total risk is the ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (9) The solvency ratio is the ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.

#### Section B—Issuer

<b>Description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information.</b>	<p>Certain financial data included in this Prospectus relating to the financial year ended 31 December 2010 have been restated in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. In particular, the accounting for credit default swaps classified as financial guarantees in periods prior to the financial year ended 31 December 2011 was restated to classify and measure them as financial instruments at fair value through profit and loss. In addition, prior calculations as to the effective interest rates for loans and advances to customers were restated as a result of harmonising and improving certain information technology tools within Erste Group. Hence, unless otherwise indicated, financial information included in this Prospectus relating to the year ended 31 December 2010 is taken or derived from Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. Therefore, the financial data herein relating to the financial year ended 31 December 2010 is partially different from the financial data included in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2010.</p> <p>The following changes in Erste Group's financial condition and results of operation, as shown on the basis of net interest income, risk provisions for loans and advances, net fee and commission income, general administrative expenses, operating result and net profit/loss for the period/year attributable to owners of the parent occurred in the three-month periods ended 31 March 2013 and 2012 and the financial years ended 31 December 2012, 2011 and 2010.</p> <p><i>Three-month periods ended 31 March 2013 and 2012</i></p> <p>In the first quarter 2013, net interest income decreased by €96.3 million, or 7.2%, from €1,336.9 million to €1,240.6 million. Total interest and similar income decreased by €322.4 million, or 13.9%, from €2,319.4 million in the first quarter 2012 to €1,997.0 million in the first quarter 2013. The decrease in total interest and similar income was mainly attributable to reduced interest income from lending and money market transactions with customers, which decreased by €253.5 million, or 16.2%, from €1,567.1 million in the first quarter 2012 to €1,313.6 million in the first quarter 2013. Interest income from bonds and other interest-bearing securities decreased significantly by €94.9 million, or 27.0%, from €351.0 million in the first quarter 2012 to €256.1 million in the first quarter 2013. This negative development was</p>
--	--

## Section B—Issuer

mainly due to the low interest rate environment, continuing subdued credit demand, and the follow-on effects of the reduction of non-core assets. In the first quarter 2013, total interest and similar expenses decreased by €226.5 million, or 22.9%, from €988.5 million in the first quarter 2012 to €762.0 million in the first quarter 2013. The main factors for this development were the decline in interest expenses on deposits by banks, which decreased by €95.6 million, or 45.2%, from €211.3 million in the first quarter 2012 to €115.7 million in the first quarter 2013, and the decline in interest expenses on customer deposits, which decreased by €100.8 million, or 21.6%, from €466.1 million in the first quarter 2012 to €365.3 million in the first quarter 2013. This development reflected lower interest rates and average volumes of such liabilities (despite a small increase in customer deposits as of 31 March 2013 against 31 December 2012. The net interest margin (net interest income as a percentage of average interest-bearing assets) contracted from 2.87% in the first quarter 2012 to 2.74% in the first quarter of 2013. Risk provisions for loans and advances showed a positive trend and declined by €178.4 million, or 30.7%, from €580.6 million in the first quarter 2012 to €402.2 million in the first quarter 2013. Provisioning levels declined or were stable in all core markets except for Croatia and Serbia. In the first quarter 2013, net fee and commission income increased by €17.9 million, or 4.2%, from €430.3 million in the first quarter 2012 to €448.2 million in the first quarter 2013. This development was primarily attributable to improved securities transactions, which increased by €20.1 million, or 22.2%, from €90.7 million in the first quarter 2012 to €110.8 million in the first quarter 2013. In the first quarter 2013, net trading result decreased by €15.8 million, or 16.9%, from €93.6 million in the first quarter 2012 to €77.8 million in the first quarter 2013. A significant improvement in the foreign exchange transactions did not offset the decline in the income from securities and derivatives trading, which had recorded an above average result in the first quarter 2012. General administrative expenses declined by €13.9 million, or 1.5%, from €945.1 million in the first quarter 2012 to €931.2 million in the first quarter 2013. Personnel expenses decreased by €5.9 million, or 1.0%, from €570.5 million in the first quarter 2012 to €564.6 million in the first quarter 2013 due to the reduced headcount. Other operating result declined from €131.2 million in the first quarter 2012 to negative €103.3 million in the first quarter 2013. In the first quarter 2012, the positive result was mainly attributable to a one-off result from the repurchase of liabilities measured at amortised cost in the amount of €250.6 million due to the buyback of tier-1 and tier-2 instruments. Other taxes increased by 22.0% from €62.2 million in the first quarter 2012 to €75.9 million in the first quarter 2013, with €71.6 million thereof attributable to banking taxes in Austria, Slovakia and Hungary. The total result from all categories of financial instruments and assets (result from financial instruments at fair value through profit



## Section B—Issuer

or loss, result from financial assets available for sale and result from financial assets held to maturity) decreased from €20.8 million in the first quarter 2012 to negative €28.5 million in the first quarter 2013. The positive results in the available-for-sale and held-to-maturity portfolios could not offset the lower gains from sales and valuation effects in the fair-value portfolio.

Net profit/loss for the period attributable to owners of the parent declined from €346.5 million in the first quarter 2012, which had particularly benefited from positive one-off effects, by 49.1% to €176.2 million in the first quarter 2013.

In the first quarter 2013, total assets decreased from €213,824.0 million as of 31 December 2012 by €834.4 million or 0.4% to €212,989.6 as of 31 March 2013. The decrease in total assets was primarily attributable to the reduction in loans and advances to customers, particularly in Hungary and Romania as well as a result of the depreciation of certain CEE local currencies against the euro, primarily Czech koruna and Hungarian forint. While cash and balances with central banks decreased from €9,740.5 million as of 31 December 2012 to €7,445.8 million as of 31 March 2013, loans and advances to credit institutions increased from €9,074.1 million as of 31 December 2012 to €11,964.4 million as of 31 March 2013. The repayment of "Long-Term Refinancing Operation" (LTRO) funds was, to the large extent, offset by higher interbank activity.

### *Financial years ended 31 December 2012 and 2011*

In 2012, net interest income decreased from €5,569.0 million in 2011 by €333.7 million, or 6.0%, to €5,235.3 million. In 2012, total interest and similar income decreased by €555.5 million, or 5.9%, from €9,350.6 million in 2011 to €8,795.1 million in 2012. The decrease in total interest and similar income was mainly driven by reduced interest income from lending and money market transactions with customers, which decreased by €468.7 million, or 7.3%, from €6,426.5 million in 2011 to €5,957.8 million in 2012. This development was due to the low interest rate environment and subdued credit demand, particularly for consumer loans. In 2012, total interest and similar expenses decreased by €213.4 million, or 5.6%, from €3,789.6 million in 2011 to €3,576.2 million in 2012. Among the main factors for this development was the decline in interest expenses on debt securities in issue, which decreased by €105.7 million, or 10.2%, from €1,032.2 million in 2011 to €926.5 million in 2012, reflecting both lower interest rates and reduced average volume of such liabilities. The lower level of interest rates also caused the reduction of interest expenses on customer deposits, which decreased by €90.7 million, or 5.0%, from €1,831.8 million in 2011 to €1,741.1 million in 2012 despite higher average volumes of customer deposits. In 2012, risk provisions for loans and advances decreased by

**Section B—Issuer**

€286.9 million, or 12.7%, from €2,266.9 million in 2011 to €1,980.0 million in 2012. This decrease was primarily attributable to a decline in risk provisions for loans and advances in Hungary (extraordinary provisions of €450.0 million in 2011) and in the Czech Republic, which, together with lower risk provisions for loans and advances to customers in Austria, more than offset the increase in risk provisions for loans and advances in Romania and Croatia. In 2012, net fee and commission income decreased by €66.4 million, or 3.7%, from €1,787.2 million in 2011 to €1,720.8 million in 2012. This development was primarily attributable to a decline in the securities business (primarily in Austria and the Czech Republic), as well as in lending business (mainly in the Czech Republic) and insurance brokerage whereas Erste Group's factoring subsidiary Intermarket Bank AG which has been consolidated since 1 August 2011 contributed to net fee and commission income. In 2012, net trading result improved by €151.1 million, from €122.3 million in 2011 to €273.4 million in 2012. This development was mainly attributable to the prior year's changes in the fair value of the CDS investment portfolio of the International Business (closed out in the meantime), which had a negative impact of €182.6 million. General administrative expenses declined by €94.2 million, or 2.4%, from €3,850.9 million in 2011 to €3,756.7 million in 2012, despite increasing inflation rates during 2012. Personnel expenses decreased by €39.6 million, or 1.7%, from €2,323.7 million in 2011 to €2,284.1 million in 2012 due to a reduced headcount, which declined by 1,071 employees (full-time equivalents), or 2.1%, from 50,452 employees (full-time equivalents) as of 31 December 2011 to 49,381 employees (full-time equivalents) as of 31 December 2012. The reduction was mainly due to reorganisation measures in Hungary, Romania and the Ukraine. In 2012, other operating result improved from negative €1,589.9 million in 2011 to negative €724.3 million in 2012. This improvement was primarily due to significantly lower goodwill impairments of €514.9 million, of which €469.4 million related to Banca Comercială Română and €45.5 million related mostly to certain Austrian subsidiaries, compared to €1,064.6 million in 2011, of which, in particular, €692.8 million was related to Banca Comercială Română and €312.7 million was related to Erste Bank Hungary and €52.7 million was related to certain Austrian subsidiaries. Other taxes increased from €163.5 million in 2011 to €269.1 million in 2012, largely as a result of banking taxes in Austria, Slovakia and Hungary. In Slovakia, a banking tax was newly introduced in 2012 and resulted in a charge of €31.5 million for 2012. In Hungary, the banking tax amounted to €47.3 million in 2012, while in 2011 it was offset against losses resulting from allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. In Austria, the banking tax was raised by 25% and totalled €165.2 million in 2012. In 2012, the total result from all categories of financial instruments and

## Section B—Issuer

assets (result from financial instruments at fair value through profit or loss, result from financial assets available for sale and result from financial assets held to maturity) improved from negative €93.0 million in 2011 to €32.7 million in 2012. The positive performance was primarily due to higher gains on sales and lower negative valuation effects in the available-for-sale portfolio.

Net profit for the year attributable to owners of the parent for the financial year 2012 amounted to €483.5 million whereas a net loss attributable to owners of the parent of €718.9 million occurred in the financial year 2011.

In 2012, total assets increased by €3,817.7 million, or 1.8%, from €210,006.3 million as of 31 December 2011 to €213,824.0 million as of 31 December 2012. The increase in total assets was primarily driven by an increase in financial assets as a result of preparatory actions to meet anticipated Basel 3 liquidity requirements as of 2014 as well as investments of surplus liquidity from the growth of customer deposits. Loans and advances to credit institutions increased from €7,577.7 million as of 31 December 2011 to €9,074.1 million as of 31 December 2012 as a result of excess liquidity depositing. Increases in assets held for sale from €87.2 million as of 31 December 2011 to €708.1 million as of 31 December 2012 were triggered by classification of Erste Bank Ukraine as disposal group held for sale in accordance with IFRS 5 following the signing of the sale agreement in December 2012.

### *Financial years ended 31 December 2011 and 2010*

In 2011, net interest income increased from €5,439.2 million in 2010 by €129.8 million, or 2.4%, to €5,569.0 million in 2011. Total interest and similar income increased by €529.0 million, or 6.0%, from €8,821.6 million in 2010 to €9,350.6 million in 2011. The increase in total interest and similar income primarily reflected the increase in interest income from financial assets at fair value through profit or loss, which increased from €48.6 million in 2010 to €322.3 million in 2011. In 2011, total interest and similar expenses increased by €386.2 million, or 11.3%, from €3,403.4 million in 2010 to €3,789.6 million in 2011. The increase in total interest and similar expenses primarily reflected higher expenses on deposits by banks and customer accounts on the back of higher volumes. In 2011, risk provisions for loans and advances increased by €245.9 million, or 12.2%, from €2,021.0 million in 2010 to €2,266.9 million in 2011. This increase was primarily attributable to extraordinary provisions in Hungary in the amount of €450.0 million as a consequence of new legislation in Hungary allowing for the early repayment of foreign currency loans at non-market rates and an increase in the NPL coverage ratio. In Austria, the Czech Republic and Slovakia, the trend in risk costs was positive and partially offset the significant increase in Hungary. In 2011, net fee and commission income decreased by €55.3 million, or 3.0%, from

## Section B—Issuer

€1,842.6 million in 2010 to €1,787.2 million in 2011. This decrease was primarily due to declines in the securities business, primarily in Austria, as well as in building society brokerage and investment banking business. General administrative expenses increased by €34.1 million, or 0.9%, from €3,816.8 million in 2010 to €3,850.9 million in 2011. Personnel expenses increased by €59.9 million, or 2.6%, from €2,263.8 million in 2010 to €2,323.7 million in 2011. This increase was partly due to severance payments in the Czech Republic, provisions for severance payments in Hungary and Romania and the integration of Informations-Technologie Austria GmbH into s IT Solutions AT as of 1 July 2010. Other operating result decreased by €1,150.5 million from negative €439.3 million in 2010 to negative €1,589.9 million in 2011. This was primarily due to the impairment of goodwill in 2011 in a total amount of €1,064.6 million. Of this amount, in particular, €692.8 million was related to Banca Comercială Română as a result of lower banking sector profitability in Romania, €312.7 million was related to the write-off in September 2011 of the entire amount of goodwill related to Erste Bank Hungary following difficult economic conditions in Hungary and the adoption of legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market and €52.7 million was related to certain Austrian subsidiaries, particularly regional savings banks and asset management activities. Other taxes increased by €91.6 million from €71.9 million in 2010 to €163.5 million in 2011 primarily due to banking taxes. In Austria, the banking tax was introduced in 2011 and resulted in a charge of €132.1 million for Erste Group Bank.

In 2011, net profit/loss for the year attributable to owners of the parent decreased by €1,597.6 million, from a net profit for the year attributable to owners of the parent of €878.7 million in 2010 to a net loss for the year attributable to owners of the parent of €718.9 million in 2011. The decrease primarily reflects the significant decrease in pre-tax profit/loss for the year from a pre-tax profit of €1,324.2 million in 2010 to a pre-tax loss for the year of €322.2 million in 2011.

In 2011, total assets increased by €4,236.3 million, or 2.1%, from €205,770.0 million as of 31 December 2010 to €210,006.3 million as of 31 December 2011. The increase in total assets was driven by a 61.2% increase in cash and balances with central banks from €5,839.4 million as of 31 December 2010 to €9,412.9 million as of 31 December 2011, primarily as a result of temporary additional liquidity from the "Long-Term Refinancing Operation" (LTRO) of the ECB. At the same time, loans and advances to credit institutions decreased by 39.4% from €12,496.5 million as of 31 December 2010 to €7,577.7 million as of 31 December 2011 as a consequence of the reduction of the non-core business.

<b>Section B—Issuer</b>		
<b>B.8</b>	<b>Selected key pro forma financial information</b>	Not applicable (no pro forma financial information is required).
<b>B.9</b>	<b>Profit forecast or estimate</b>	Not applicable (no profit forecast or estimate has been made).
<b>B.10</b>	<b>Nature of any qualifications in the audit opinions on the historical financial information</b>	Not applicable (there are no qualifications).
<b>B.11</b>	<b>Insufficiency of the issuer's working capital for its present requirements</b>	Not applicable (the working capital is sufficient).
<b>Section C—Securities</b>		
<b>C.1</b>	<p><b>Type and class of the securities being offered and/or admitted to trading</b></p> <p><b>Security identification numbers</b></p>	<p>Up to 83,897,737 new ordinary no-par value voting bearer shares (ordinary shares) with a notional amount of €2.00 per share (each, a "New Share", and together, the "New Shares") in the share capital of Erste Group Bank (which represents the full amount of the underlying authorised capital and only up to a corresponding value of approximately €660 million of targeted gross proceeds)</p> <p>International Securities Identification Number (ISIN) of the Existing Shares: AT0000652011</p> <p>International Securities Identification Number (ISIN) of the New Shares: AT0000652011</p> <p>International Securities Identification Number (ISIN) of the Subscription Rights: AT0000A10QP8</p>
<b>C.2</b>	<b>Currency of the securities issue</b>	Euro
<b>C.3</b>	<b>Number of shares issued and fully paid and issued but not fully paid/par value per share</b>	As of the date of this Prospectus, the registered share capital of Erste Group Bank amounts to €789,137,294. It is divided into 394,568,647 no-par value voting bearer shares (ordinary shares), each of which represents a notional value of €2.00 per share in the share capital. Erste Group Bank's registered share capital is fully paid up.
<b>C.4</b>	<b>Rights attached to the securities</b>	<p>The New Shares will be vested with the same rights as all other shares in Erste Group Bank and will not confer any additional rights or advantages.</p> <p>Each share in Erste Group Bank, including the New Shares, entitles its holder to one vote at the shareholders' meeting of Erste Group Bank. There are no restrictions on voting rights. No shareholders of Erste Group Bank have different voting rights.</p>

### Section C—Securities

		<p>The New Shares will carry full dividend rights for the financial year 2013 and for all subsequent financial years. All shares in Erste Group Bank, including the New Shares, participate in losses of Erste Group Bank up to their full nominal amount and have the right to participate in liquidation proceeds. In the event of a liquidation, dissolution or insolvency of Erste Group Bank or proceedings for the avoidance of insolvency of the Issuer, no payments in connection with the shares in Erste Group Bank will be effected until all creditors (save for creditors of claims ranking <i>pari passu</i> with the share capital) have been satisfied or secured.</p> <p>The New Shares offered herein confer no rights to subscribe for additional New Shares being offered hereby.</p>
<b>C.5</b>	<b>Restrictions on the free transferability of the securities</b>	<p>Not applicable (the New Shares and the rights pursuant to Section 153 (1) Austrian Stock Corporation Act 1965, as amended (<i>Aktiengesetz</i>) (the “Stock Corporation Act”), to purchase New Shares (the “Subscription Rights”)) are freely transferable in accordance with applicable law and applicable rules of Oesterreichische Kontrollbank Aktiengesellschaft (“OeKB”) in its role as central securities depository).</p>
<b>C.6</b>	<b>Application for admission to trading on a regulated market/identity of regulated markets where securities are to be traded</b>	<p>Erste Group Bank will apply for admission to trading of the New Shares on the (i) Official Market (<i>Amtlicher Handel</i>) of the Vienna Stock Exchange, (ii) Prime Market of the Prague Stock Exchange, and (iii) in the International Shares Category of the Bucharest Stock Exchange and expects the approvals to be granted by 4 July 2013 and trading to begin in each of (i) the Prime Market segment of the Vienna Stock Exchange and (ii) the International Shares Category of the Bucharest Stock Exchange on or about 5 July 2013 and (iii) on the Prime Market of the Prague Stock Exchange on or about 8 July 2013.</p> <p>Erste Group Bank will apply for the admission of the Subscription Rights to trading on the Vienna Stock Exchange. Trading of the Subscription Rights is expected to commence on or about 9 July 2013 and to terminate on or about 11 July 2013.</p>
<b>C.7</b>	<b>Dividend policy</b>	<p>Erste Group Bank’s dividend policy with regard to its ordinary shares is not based on a fixed dividend payout ratio. In light of the significantly improved earnings in the financial year 2012 when compared to the financial year 2011, Erste Group Bank paid a dividend in the amount of €0.40 per share for the financial year 2012 on 24 May 2013. At this level, the dividend payout ratio for ordinary shares was, with the exception of the financial year 2011, in line with historic levels of approximately 20% to 30%. In the future, Erste Group Bank intends to continue to pay a dividend on its ordinary shares, the amount of which will depend upon Erste Group’s profitability, growth outlook and capital requirements.</p>



## Section D—Risks

<b>D.1</b>	<b>Key risks that are specific to the issuer or its industry</b>	<p><b>Risks related to the business of Erste Group</b></p> <ul style="list-style-type: none"> <li>• Difficult macroeconomic and financial market conditions may have a material adverse effect on Erste Group’s business, financial condition, results of operations and prospects.</li> <li>• Erste Group has been and may continue to be affected by the ongoing European sovereign debt crisis, and it may be required to take impairments on its exposures to the sovereign debt of certain countries.</li> <li>• Erste Group has experienced and may in the future continue to experience a deterioration in credit quality, particularly as a result of financial crises or economic downturns.</li> <li>• Erste Group is subject to significant counterparty risk, and defaults by counterparties may lead to losses that exceed Erste Group’s provisions.</li> <li>• Erste Group’s hedging strategies may prove ineffective.</li> <li>• Erste Group is exposed to declining values of the collateral supporting commercial and residential real estate loans.</li> <li>• Market fluctuations and volatility may adversely affect the value of Erste Group’s assets, reduce profitability and make it more difficult to assess the fair value of certain of its assets.</li> <li>• Erste Group is subject to the risk that liquidity may not be readily available.</li> <li>• Rating agencies may suspend, downgrade or withdraw a rating of Erste Group Bank or of a country where Erste Group is active, and such action might negatively affect the refinancing conditions for Erste Group Bank, in particular its access to debt capital markets.</li> <li>• New regulatory or governmental requirements and changes in perceived levels of adequate capitalisation, liquidity levels and leverage could subject Erste Group to increased capital and liquidity requirements or standards and require it to obtain additional capital or liquidity in the future.</li> <li>• Erste Group’s risk management strategies and internal control procedures may leave it exposed to unidentified or unanticipated risks.</li> <li>• Erste Group’s business entails operational risks.</li> <li>• Erste Group may have difficulty recruiting or retaining qualified employees.</li> <li>• Any failure or interruption in, or breach in security of, Erste Group’s information systems, and any failure to update such systems, may result in lost business and other losses.</li> </ul>
------------	--	---



## Section D—Risks

- Erste Group Bank may be required to provide financial support to troubled banks in the *Haftungsverbund*, which could result in significant costs and a diversion of resources from other activities.
- Changes in interest rates are caused by many factors beyond Erste Group's control, and such changes can have significant adverse effects on its financial results, including net interest income.
- Since a large part of Erste Group's operations, assets and customers are located in CEE countries that are not part of the Eurozone, Erste Group and its customers are exposed to currency risks.
- Erste Group may be unable to achieve the return to profitability of BCR or may be required to recognise further impairment charges resulting from previous acquisitions.
- A change of the ECB's collateral standards could have an adverse effect on the funding of Erste Group and access to liquidity.
- Erste Group operates in highly competitive markets and competes against large international financial institutions as well as established local competitors.
- Erste Group Bank's major shareholder may be able to control shareholder actions.
- Contractual arrangements with the Republic of Austria may affect the business of Erste Group.
- Compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules involves significant costs and efforts and non-compliance may have severe legal and reputational consequences.
- Changes in consumer protection laws as well as the application or interpretation of such laws might limit the fees and other pricing terms that Erste Group may charge for certain banking transactions and might allow consumers to claim back certain of those fees already paid in the past.
- The integration of potential future acquisitions may create additional challenges.

### **Risks related to the markets in which Erste Group operates**

- The departure of any one or more countries from the Eurozone could have unpredictable consequences for the financial system and the greater economy, potentially leading to declines in business levels, write-downs of assets and losses across Erste Group's business.
- Erste Group operates in emerging markets that may experience rapid economic or political changes, either of which may adversely impact its financial performance and results of operations.
- Committed EU funds may not be released or further aid programmes may not be adopted by the EU.

## Section D—Risks

		<ul style="list-style-type: none"> <li>• Loss of customer confidence in Erste Group’s business or in banking businesses generally could result in unexpectedly high levels of customer deposit withdrawals, which could have a material adverse effect on the Group’s results, financial condition and liquidity.</li> <li>• Liquidity problems experienced by certain CEE countries may adversely affect the broader CEE region and could negatively impact Erste Group’s business results and financial condition.</li> <li>• Governments in countries in which Erste Group operates may react to financial and economic crises with increased protectionism, nationalisations or similar measures.</li> <li>• Erste Group may be adversely affected by slower growth or recession in the banking sector in which it operates as well as slower expansion of the Eurozone and the EU.</li> <li>• The legal systems and procedural safeguards in many CEE countries and, in particular, in the Eastern European countries are not yet fully developed.</li> <li>• Applicable bankruptcy laws and other laws and regulations governing creditors’ rights in various CEE countries may limit Erste Group’s ability to obtain payments on defaulted loans and advances.</li> <li>• Erste Group may be required to participate in, or finance governmental support programmes for, credit institutions or finance governmental budget consolidation programmes, including through the introduction of banking taxes and other levies.</li> </ul>
D.3	<p><b>Key risks that are specific to the securities</b></p>	<p><b>Risks related to the Combined Offering and the New Shares</b></p> <ul style="list-style-type: none"> <li>• If Erste Group Bank is not able to realise net proceeds from the Combined Offering of approximately €630 million, the contemplated redemption of the Participation Capital Securities may not be implemented in accordance with the envisaged schedule or at all.</li> <li>• Shareholders who elect not to participate in the Combined Offering will suffer dilution of their holdings in Erste Group Bank.</li> <li>• The price of the Shares could be volatile due to a wide range of factors, many of which are beyond Erste Group Bank’s control.</li> <li>• Future sales or distributions of Erste Group Bank shares by its major Shareholders could depress the market price of the New Shares.</li> <li>• There can be no guarantee that trading in the Subscription Rights will occur or if trading does occur, that the price of the Subscription Rights will not be subject to higher fluctuations than that of the Shares.</li> <li>• Erste Group Bank’s ability to pay dividends on the Shares will depend on the availability of distributable profits and may not occur even if such profits were available.</li> </ul>

### Section D—Risks

- The right of Shareholders to receive dividend payments is structurally or effectively subordinated to claims of existing and future creditors of Erste Group Bank’s subsidiaries.
- Shareholders are subject to the risk of detrimental changes of foreign exchange rates and adverse tax consequences.
- Rights of shareholders in an Austrian corporation may differ from rights of shareholders in a corporation organised in another jurisdiction.
- A suspension of trading in the Shares could adversely affect the share price.
- Certain Shareholders may not be able to participate in future equity offerings of Erste Group Bank.
- U.S. Foreign Account Tax Compliance Act Withholding may affect payments on the New Shares.
- The Underwriting Agreement between Erste Group Bank and the Managers is subject to customary terms and conditions.
- The purchase of New Shares in the Institutional Pre-Placement is partially subject to claw-back and deferred settlement.

### Section E—Offer

<b>E.1</b>	<b>Total net proceeds and estimate of total expenses of the offer, including estimated expenses charged to the investor by the issuer or the offeror</b>	<p>Based on an assumed final subscription and offer price of €20.51 per New Share, which was the closing price of the Existing Shares on the Vienna Stock Exchange on 28 June 2013, Erste Group Bank expects the net proceeds of this Combined Offering to be approximately €630 million, if 32,179,425 New Shares are issued (assuming the issue of New Shares at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013, and targeted gross proceeds of the Combined Offering of €660 million), after deducting capital contribution tax, underwriting commissions and offering expenses of an estimated €30 million.</p> <p>Neither Erste Group Bank nor J.P. Morgan Securities plc. (“J.P. Morgan”) nor Morgan Stanley Bank AG (“Morgan Stanley” and, together with Erste Group Bank and J.P. Morgan, the “Joint Global Coordinators and Joint Bookrunners”) nor COMMERZBANK Aktiengesellschaft (“Commerzbank”) nor ING Bank N.V. (“ING” and, together with J.P. Morgan, Morgan Stanley and Commerzbank, the “Managers”) will charge any fees for the subscription for the New Shares or the purchase of the New Shares, respectively. Depository banks, custodians or other financial intermediaries through which Offerees may hold their Subscription Rights or submit their purchase orders, respectively, may charge customary bank commission for the exercise of the Subscription Rights or the placement of purchase orders on behalf of the Offerees. Offerees are advised to inform themselves about these costs.</p>
------------	--	--



**Section E—Offer**

At the same time, a major portion of the Participation Capital (held by the Republic of Austria) will otherwise lose regulatory recognition in 2017, and, therefore, its supporting effect on Erste Group’s core tier-1 ratio. In addition, the planned redemption of the Participation Capital will further strengthen Erste Group’s ability to generate capital and improve capital ratios as there will be no annual dividend payments on the Participation Capital from 2014. Without a redemption of the Participation Capital, the dividend rate on the Participation Capital Securities, which currently is 8.0% *per annum* would be subject to further step-ups beginning in 2014. For the financial years ending 31 December 2014 and 2015, gross savings in dividend payments on the Participation Capital Securities would amount to €149 million and €158 million, respectively, in each case net of tax, with even higher gross savings in subsequent years. Dividend payments to holders of Participation Capital Securities are generally made prior to distributions of dividends to shareholders of Erste Group Bank. Unless dividend payments are made on the ordinary shares of Erste Group Bank, Erste Group Bank has no obligation to pay dividends on the Participation Capital Securities (irrespective of the availability of distributable annual profits). On that basis, it is intended to propose to the annual Shareholders’ Meeting in 2014 to resolve upon dividend payments on the Participation Capital Securities for the financial year ending 31 December 2013, reflecting on a *pro rata* basis the period of time during the financial year ending 31 December 2013 from 1 January 2013 until the redemption of the Participation Capital Securities.

<p><b>E.3</b></p>	<p><b>Description of the terms and conditions of the offer</b></p> <p><b>The Combined Offering</b></p>	<p>The offering of up to 83,897,737 New Shares (which represents the full amount of the underlying authorised capital and only up to a corresponding value of approximately €660 million of targeted gross proceeds) to which the Prospectus relates consists of: (i) a subscription offering to existing shareholders of Erste Group Bank and to the transferees of the Subscription Rights (the “Subscription Offerees” and each a “Subscription Offeree”) (together, the “Shareholders” and each, a “Shareholder”) (the “Subscription Offering”); and (ii) an offering to purchase to be made to selected qualified institutional investors prior to the commencement of the Subscription Offering, partially subject to claw-back and deferred settlement (the “Institutional Pre-Placement” and, together with the Subscription Offering, the “Combined Offering”), which will take the form of an accelerated book-building process.</p> <p>The Institutional Pre-Placement is partially subject to claw-back and deferred settlement in order to ensure that the New Shares attributable to Subscription Rights that were not waived by certain Shareholders are available for subscription by the Shareholders in the Subscription Offering.</p>
-------------------	--	--

## Section E—Offer

	<p>The Combined Offering will be conducted: (i) in the United States in private placements to qualified institutional buyers (“QIBs”) in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended (the “Securities Act”); and (ii) in private placements outside of the United States to selected qualified institutional investors. In addition, the Subscription Offering will include public offerings in Austria, the Czech Republic and Romania. The Combined Offering outside the United States will be made in compliance with Regulation S under the Securities Act.</p> <p>Certain Shareholders, including Erste Stiftung, Sparkassen Beteiligungs GmbH &amp; Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks waived all or part of their Subscription Rights (the “Waived Subscription Rights”).</p> <p>In order to facilitate the Combined Offering, Erste Stiftung has entered into an agreement with J.P. Morgan and Morgan Stanley granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price (as defined below) for the New Shares in the Combined Offering. Erste Group Bank will not receive any proceeds from the sale of such shares, if the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) exercise the option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price. Pursuant to a related agreement between Erste Group Bank and Erste Stiftung, Erste Group Bank agreed to pay Erste Stiftung a commitment fee in the amount of €3.3 million as consideration for the option granted by Erste Stiftung. Based on the most recent voting rights notification of Erste Stiftung and assuming that (i) 32,179,425 New Shares will be issued in the Combined Offering (assuming the issue of New Shares at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013, and targeted gross proceeds of the Combined Offering of €660 million) and (ii) Erste Stiftung, Sparkassen Beteiligungs GmbH &amp; Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks will, to the extent previously waived, not exercise their Subscription Rights, 24.41% of the voting rights in Erste Group Bank will be attributable to Erste Stiftung following the completion of the Combined Offering (not taking into account the subscription of New Shares in the Subscription Offering by shareholders whose shares would be attributable to Erste Stiftung). If the aforementioned option right is exercised in part or in full by J.P. Morgan and Morgan Stanley, the percentage of the voting rights in Erste Group Bank attributable to Erste Stiftung would further decrease.</p> <p>The subscription price for the New Shares in the Subscription Offering (the “Subscription Price”) will be equal to the offer price for the New Shares in the Institutional Pre-Placement (the “Offer Price”). The maximum Subscription Price and the maximum Offer Price (the “Maximum Subscription and Offer Price”) have been set at €25.00 per New Share.</p>
<p><b>Offer Price, Subscription Price, subscription ratio and maximum number of New Shares</b></p>	

### Section E—Offer

The final number of New Shares to be issued in the Combined Offering, the subscription ratio in the Subscription Offering as well as the final Subscription Price and the final Offer Price (the “Final Subscription and Offer Price”) will be determined by Erste Group Bank in consultation with the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) after expiration of the Pre-Placement Period relating to the Institutional Pre-Placement on or about 2 July 2013. The Final Subscription and Offer Price will be set at or below the Maximum Subscription and Offer Price and will be determined on the basis of the order book established in the accelerated book-building process of the Institutional Pre-Placement taking into consideration the market price of the Existing Shares on the Vienna Stock Exchange prevailing at the time of pricing, expected to be on or about 2 July 2013. The final number of New Shares offered in the Combined Offering will be determined taking into consideration the targeted net proceeds of the Combined Offering amounting to approximately €630 million and the Final Subscription and Offer Price. If the targeted net proceeds can be realised by issuing fewer than 83,897,737 New Shares, which is the upper limit of the Combined Offering, Erste Group Bank may, in its sole discretion, decide to issue fewer than 83,897,737 New Shares. The subscription ratio in the Subscription Offering will be calculated based on the ratio of the final number of New Shares and the number of the Existing Shares.

The Final Subscription and Offer Price, the final number of New Shares offered in the Combined Offering and the Subscription Ratio in the Subscription Offering will be announced and published, among other things, by way of an ad-hoc announcement, via electronic media and on Erste Group Bank’s website ([www.erstegroup.com](http://www.erstegroup.com)) on or about 2 July 2013. The Final Subscription and Offer Price, the final number of New Shares offered in the Combined Offering and the Subscription Ratio in the Subscription Offering will also be announced on websites in the Czech Republic and Romania on or about 2 July 2013 and deposited with the FMA according to Section 7 (5) Austrian Capital Markets Act 1991, as amended (*Kapitalmarktgesetz*) on or about 3 July 2013.



### Section E—Offer

<b>Institutional Pre-Placement</b>	<p>The period during which Institutional Investors may purchase New Shares in the Institutional Pre-Placement (the “Pre-Placement Period”) will run from 1 July until 2 July 2013.</p> <p>Purchasers of New Shares in the Institutional Pre-Placement will be informed that with respect to a percentage of New Shares equal to the ratio of New Shares not attributable to the Waived Subscription Rights (the “Freefloat Subscription Shares”) and the total number of New Shares offered in the Institutional Pre-Placement, their purchase is subject to claw-back and deferred settlement. J.P. Morgan and Morgan Stanley have entered into an option agreement with Erste Stiftung granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price in case that subscription of the Freefloat Subscription Shares exceeds a certain threshold and additional shares at the time of settlement of the New Shares subject to claw-back and deferred settlement are required. This means that delivery, if any, of the shares purchased subject to claw-back and deferred settlement will be made only after the end of the Subscription Period for the Subscription Offering, concurrently with the delivery of New Shares subscribed for in the Subscription Offering. Delivery will be made from the Freefloat Subscription Shares not subscribed for in the Subscription Offering. To the extent that the number of New Shares purchased in the Institutional Pre-Placement, and subject to claw-back (the “Claw-Back Shares”), exceeds the aggregate number of the Freefloat Subscription Shares not subscribed for in the Subscription Offering, the claw-back will be exercised <i>vis-à-vis</i> each Institutional Investor with respect to the Claw-Back Shares purchased by such Institutional Investor and such purchases will be cancelled <i>pro rata</i> in accordance with the ratio of the total number of the Freefloat Subscription Shares subscribed for in the Subscription Offering and the total number of Claw-Back Shares.</p>
<b>Subscription Offering</b>	<p>The period during which the Subscription Offerees may subscribe for New Shares in the Subscription Offering (the “Subscription Period”) will begin on or about 3 July 2013 and end on or about 17 July 2013.</p> <p>Based on a Subscription Ratio yet to be determined, Subscription Offerees will be entitled to subscribe for a certain number of New Shares for a certain number of Existing Shares held by the respective Shareholder as of 2 July 2013, 24:00 hours (midnight) CEST (or the equivalent number of Subscription Rights). Depending on the Subscription Ratio, it is possible that Subscription Rights may only be exercised in certain multiples. Shareholders who do not hold a number of Existing Shares divisible by the Subscription Ratio in a full number will not be able to exercise their Subscription Rights in full.</p>

## Section E—Offer

	<p>Subscription orders for New Shares will be accepted by Erste Group Bank, who will act as subscription agent for the Subscription Offering, as well as by the Managers, all Austrian savings banks and other credit institutions in Austria, during regular counter opening hours. Holders of Subscription Rights held through a depository bank that is a member of OeKB or through a financial institution that is a participant in Euroclear Bank S.A. (“Euroclear”), Clearstream Banking AG (“Clearstream”), or Centrální depozitář cenných papírů, a.s. (“CDCP”) are required to exercise their Subscription Rights by instructing such bank or financial institution to subscribe for New Shares on their behalf. Subscription Offerees that hold Subscription Rights through Depozitarul Central SA may exercise their Subscription Rights by instructing their financial intermediaries (custodian bank/broker) that act as depositaries for the Existing Shares entitled to Subscription Rights.</p> <p>Subscription Rights that are not exercised or sold within the Subscription Period will lapse and be of no value. No compensation will be payable for Subscription Rights not exercised.</p> <p>From the beginning of the Subscription Period, Existing Shares will be traded without Subscription Rights (“ex subscription rights”). The Subscription Rights are freely transferable in accordance with applicable law and applicable rules of OeKB in its role as central securities depository. Erste Group Bank will apply for the admission of the Subscription Rights to trading on the Vienna Stock Exchange. Trading of the Subscription Rights is expected to commence on or about 9 July 2013 and to terminate on or about 11 July 2013.</p> <p>The Subscription Rights and the New Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. They may not be offered or sold (i) within the United States, except in transactions exempt from registration under the Securities Act, or (ii) outside the United States, except in offshore transactions in compliance with Regulation S under the Securities Act.</p> <p>On or about 3 July 2013, Erste Group Bank will publish on its website (<a href="http://www.erstegroup.com">www.erstegroup.com</a>) and in the official gazette section of the <i>Wiener Zeitung (Amtsblatt zur Wiener Zeitung)</i> a subscription notice related to the Subscription Offering, inviting the Shareholders to exercise their Subscription Rights and setting forth the Subscription Period, the Final Subscription and Offer Price, the subscription ratio, the procedure for the exercise of the Subscription Rights and other information.</p>
<p><b>Publication of results of Institutional Pre-Placement and Subscription Offering</b></p>	<p>The results of the Institutional Pre-Placement will be announced and published, among other things, by way of an ad-hoc announcement, via electronic media and on Erste Group Bank’s website (<a href="http://www.erstegroup.com">www.erstegroup.com</a>) on or about 2 July 2013.</p>

## Section E—Offer

### Termination, suspension or extension of Combined Offering

The results of the Subscription Offering will be announced on Erste Group Bank's website ([www.erstegroup.com](http://www.erstegroup.com)) on or about 18 July 2013.

The Combined Offering or any part thereof may be terminated, suspended or extended, the Subscription Period may be extended or terminated and the Pre-Placement Period may be shortened at any time at the absolute discretion of Erste Group Bank and the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank), but only prior to delivery of the New Shares allocated in the Institutional Pre-Placement and not subject to claw-back and deferred settlement. Any changes to the Subscription Period and the Pre-Placement Period, or the termination, suspension or extension of the Combined Offering or parts thereof will be published via electronic media, on Erste Group Bank's website ([www.erstegroup.com](http://www.erstegroup.com)), in the official gazette section of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* and, to the extent required under the Austrian Capital Markets Act 1991, as amended (*Kapitalmarktgesetz*), as a supplement to this Prospectus. In addition, in the Czech Republic publication will be made on the website of Česká spořitelna, a.s. ([www.csas.cz](http://www.csas.cz)) and in Romania on the websites of Depozitarul Central SA ([www.depozitarulcentral.ro](http://www.depozitarulcentral.ro)) and of BCR ([www.bcr.ro](http://www.bcr.ro)). Offerees who have submitted subscription orders or purchase orders, respectively, will not be notified individually.

The Combined Offering will be subject to the Underwriting Agreement which will provide that the obligations of the Managers are subject to certain conditions precedent, including the absence of any material adverse change in Erste Group's financial condition or business affairs. The Managers will be entitled to terminate the Underwriting Agreement in certain circumstances, in particular in case of the occurrence of events of *force majeure*.

If the Underwriting Agreement is terminated prior to registration of the implementation of the capital increase underlying the Combined Offering with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*), the Combined Offering will not take place and the Subscription Rights will no longer exist or become worthless. Under such circumstances, offerees will not be entitled to delivery of New Shares. Claims with regard to already paid securities commissions and costs incurred in connection with the Combined Offering by an offeree will be determined solely on the basis of the legal relationship between the Offeree and the institution to which it submitted its offer to purchase, or to subscribe for, New Shares. Any payment made for the subscription for, or the purchase of New Shares, respectively, will be returned to the respective offeree without interest.





### Section E—Offer

		<p>The foregoing limitations will not apply to (i) granting of options to employees and management and to issuing shares in Erste Group Bank upon the exercise of options granted under the existing employee share ownership programme and management share option programmes, if any, as such are described in this Prospectus, (ii) buying and selling of shares in Erste Group Bank and to issuing and trading options for shares in Erste Group Bank on the Vienna Stock Exchange, the Prague Stock Exchange and the Bucharest Stock Exchange in the ordinary course of brokerage and banking business, (iii) issuing shares in Erste Group Bank solely in order to acquire or increase participations in other savings banks, and (iv) issuing preference shares via a foreign subsidiary for the purpose of raising tier-1 capital or hybrid capital as defined in the Banking Act.</p> <p>Erste Group Bank also agrees, during the period beginning from the date of this Prospectus to and including the date 180 days after the date of the Underwriting Agreement, not to, and not to publicly announce an intention to, effect any capital increase from authorised capital or issue any shares without the prior written consent of J.P. Morgan and Morgan Stanley.</p> <p>Erste Stiftung will not, prior to 90 days after the date of this Prospectus, without the prior consent of J.P. Morgan and Morgan Stanley, offer, pledge, announce the intention to sell, contract to sell, sell any option or contract to purchase any option, or grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares or any securities convertible into or exercisable or exchangeable for shares; provided Erste Stiftung is entitled to (i) sell shares pursuant to the option agreement entered into J.P. Morgan and Morgan Stanley and (ii) the purchase, sale, contribution or transfer of shares in Erste Bank between Erste Stiftung, WSW and its affiliates, CaixaBank S.A. and its affiliates, and Sparkassen Beteiligungs GmbH &amp; CoKG.</p>
<p><b>E.6</b></p>	<p><b>Amount and percentage of immediate dilution resulting from the offer</b></p>	<p>If a Subscription Right is not exercised, the percentage holding of the respective Shareholders in Erste Group Bank's total share capital will be diluted by approximately 7.5%, subject to the following assumptions.</p> <p>Erste Group Bank's consolidated net assets as of 31 March 2013 were €11,155.0 million (excluding (i) Participation Capital and (ii) non-controlling interests), or €28.27 per share, based on 394,568,647 shares, each of which represents a notional amount of €2.00 per share in the share capital of Erste Group Bank. Net assets (excluding (i) Participation Capital and (ii) non-controlling interest) per share in Erste Group Bank are determined by dividing total assets less total liabilities by the number of shares.</p>



**Section E—Offer**

		<p>Assuming the issue of 32,179,425 New Shares in the Combined Offering at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per share in Erste Group Bank on the Vienna Stock Exchange on 28 June 2013, and targeted gross proceeds of the Combined Offering of approximately €660 million, the consolidated net assets of Erste Group Bank as of 31 March 2013 would have been €27.60 per share (Existing Shares and New Shares) after deducting capital contribution tax, underwriting commissions and estimated expenses in connection with the Combined Offering payable by Erste Group Bank.</p> <p>This represents an immediate decrease in consolidated net assets of €0.67 or 2.4% per Share to existing Shareholders who do not exercise their Subscription Rights and an immediate increase in net assets of €7.09 or 34.6% per share to new investors purchasing New Shares in the Combined Offering. Dilution per share to new investors is determined by subtracting the consolidated net assets per share after the Combined Offering from a hypothetical Final Subscription and Offer Price paid by a new investor.</p> <p>Each Offeree should be aware that the above calculation is based on a hypothetical Final Subscription and Offer Price of €20.51 per New Share. The actual dilution will be based on the net proceeds and the final number of New Shares based on the actual Final Subscription and Offer Price.</p>
<p><b>E.7</b></p>	<p><b>Estimated expenses charged to the investor by the issuer or the offeror</b></p>	<p>Neither Erste Group Bank nor any of the Managers will charge any fees for the subscription for the New Shares or the purchase of the New Shares, respectively. Depositary banks, custodians or other financial intermediaries through which Offerees may hold their Subscription Rights or submit their purchase orders, respectively, may charge customary bank commission for the exercise of the Subscription Rights or the placement of purchase orders on behalf of the Offerees. Offerees are advised to inform themselves about these costs.</p>



## Risk factors

*Offerees should consider carefully the risks set forth below and the other information contained in this Prospectus prior to making any investment decision with respect to the New Shares. Each of the risks highlighted below could have a material adverse effect on Erste Group's business, operations, financial condition, results of operations, liquidity and prospects which, in turn, could have a material adverse effect on the amount of principal and dividends which Offerees would receive in respect of the New Shares. In addition, each of the risks highlighted below could adversely affect the value of the New Shares and, as a result, Offerees could lose some or all of their investment. The order in which the following risks are presented does not indicate the likelihood of their occurrence, nor the scope of any potential impairment these risks may cause to Erste Group's business, operations, financial condition, results of operations, liquidity and prospects. The risks mentioned may materialise individually or cumulatively.*

*Offerees should note that the risks described below are not the only risks Erste Group faces. Erste Group has described only those risks relating to its business, operations, financial condition, results of operations, liquidity and prospects that it considers to be material and of which it is currently aware. There may be additional risks that Erste Group currently considers not to be material or of which it is currently not aware, and any of these risks, alone or together with risks mentioned below, could have the effects set forth above.*

### **Risks related to the business of Erste Group**

**Difficult macroeconomic and financial market conditions may have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects.**

From the second half of 2007 through 2009, disruptions in global capital and credit markets, coupled with the re-pricing of credit risk, created difficult conditions in financial markets and continue to have considerable effects on these markets. These conditions resulted in historically high levels of volatility across many markets (including capital markets), volatile commodity prices, decreased or no liquidity, widening of credit spreads and lack of price transparency in certain markets. These conditions also significantly reduced the availability of private financing for both financial institutions and their customers, compelling many financial institutions and industrial companies to turn to governments and central banks to provide liquidity. Among other factors, significant write-downs of asset values by financial institutions on mortgage-backed securities and other financial instruments, combined with the imposition of higher capital and other regulatory requirements, have led many financial institutions to seek additional capital, to merge or be merged with larger and stronger institutions, to be nationalised and, in some cases, to fail. Although the global economy recovered slightly throughout 2010, 2011 and 2012, widespread concerns with levels of public sector debt around the world, and with the stability of numerous banks in certain European countries, including, in particular Spain, Greece, Portugal, Italy and Ireland and more recently Cyprus and Slovenia, had a negative impact on macroeconomic conditions.

In response to the global financial crisis, the government of the United States, a number of European governments, the ECB and international monetary organisations have taken unprecedented steps to help stabilise the financial system and increase the flow of credit in the global economy. There can be no assurances as to the actual impact that these measures and related actions will have on the financial markets, on consumer and corporate confidence generally and on Erste Group specifically. Since the second half of 2010, the indebtedness of certain Eurozone countries has raised concerns about the stability of the European financial sector and has contributed and may continue to contribute to a slowdown in economic growth in many countries across the region. Additionally, restructuring programmes adopted by some highly indebted EU countries, which include cuts in governmental spending, may result in lower growth rates in these countries as well as the Eurozone in the short and medium term. In 2011, the anxieties about the Eurozone situation increased and the ratings of Eurozone

countries and banks were lowered at the end of 2011 and the beginning of 2012. In 2012, such anxieties continued due to the requirement to recapitalise the Spanish banking sector and growing concerns about the effectiveness and consequences of the restructuring programmes adopted by certain Eurozone countries, as well as due to the uncertainty as to the necessity for further financial aid for certain Eurozone countries or the Eurozone banking sector.

More recently, since September 2012, there has been an increase in the scale of global central bank intervention in an attempt to prevent further deterioration of economic growth and to respond to concerns about the effects of the European sovereign debt crisis. The ECB announced a plan to buy unlimited amounts of government bonds of distressed countries, such as Spain and Italy, partially in exchange for their request for and acceptance of a formal programme including certain austerity reforms. Also in September 2012, the Federal Reserve in the United States announced "QE3", a third round of quantitative easing to stimulate economic growth, involving the purchase of USD40 billion of agency-backed mortgages each month for an indefinite period of time. The impact of the ECB's and the U.S. Federal Reserve's actions is currently unknown and these actions may or may not result in the expected benefits for the relevant economies.

Erste Group and its customers continue to remain vulnerable to other external financial and economic factors beyond their primary markets, such as the recent instability of numerous European banks and concerns regarding the ability of certain EU member states, including Spain, Greece, Portugal, Italy and Ireland and more recently Cyprus and Slovenia, to service their sovereign debt obligations, as well as concerns regarding the risk of contagion to other, currently more stable, countries, particularly Germany. These adverse developments have continued to cause considerable turbulence in the global financial and credit markets in 2012 and 2013. While steps taken by the ECB and EU member states, among others, appear to have stabilised the situation, should negative trends intensify, a reintroduction of national currencies in one or more Eurozone countries or, in particularly dire circumstances, the abandonment of the Euro could occur. These factors could have a material adverse effect on financial markets and economic conditions throughout the world, including Erste Group's home markets, and, in turn, the market's anticipation of these impacts could have a material adverse effect on Erste Group's business, financial condition and liquidity. In particular, these factors could disrupt payment systems, money markets, long-term and short-term fixed income markets, foreign exchange markets, commodities markets and equity markets, adversely affect the cost and availability of funding and, ultimately, endanger the free movement of capital in the single market.

Erste Group's performance will continue to be influenced by conditions in the global, and especially European, economy. The outlook for the European and global economy over the near to medium term remains challenging, which also impacts prospects for stabilisation and improvement of economic and financial conditions in Central and Eastern Europe.

**Erste Group has been and may continue to be affected by the ongoing European sovereign debt crisis, and it may be required to take impairments on its exposures to the sovereign debt of certain countries.**

In recent years, the sovereign debt markets in the Eurozone have experienced substantial stress as the financial markets have begun to perceive a number of countries as presenting an increased credit risk. These concerns have been particularly prominent with respect to Greece, Ireland, Italy, Portugal and Spain, and more recently Cyprus and Slovenia, and were threatening the recovery from the global financial and economic crisis. These concerns have persisted in light of increasing public debt loads and stagnating economic growth in these and other European countries both within and outside the Eurozone, including countries in Central and Eastern Europe. Despite a number of measures taken by European governments, the ECB and European regulators to control and mitigate the negative effects of the crisis, the business environment in general, and the financial markets in particular, weakened as the uncertainty surrounding the sovereign debt crisis and EU efforts to resolve the crisis continued to intensify.

Erste Group is also exposed to the credit risk of financial institutions which may be dependent on governmental support to continue their operations. The availability of government funds or the willingness of governments for such support is unclear given current levels of public debt in several Eurozone countries. In addition, hedging instruments, including credit default swaps, could provide ineffective if restructurings of outstanding sovereign debt avoid credit events that would trigger payment under such instruments or if the amounts ultimately paid under such instruments do not correspond to the full amount of net exposure after hedging. Any restructuring of outstanding sovereign debt may result in potential losses for Erste Group and other participants in transactions that are not covered by payouts on hedging instruments that Erste Group has entered or may enter into to protect against the risk of default.

**Erste Group has experienced and may in the future continue to experience a deterioration in credit quality, particularly as a result of financial crises or economic downturns.**

Erste Group is, and may in the future continue to be, exposed to the risk that borrowers may not repay their loans according to their contractual terms, that the collateral or income stream securing the payment of these loans may be insufficient, or that legislation is imposed setting fixed exchange rates for loans in foreign currencies. In 2011, an increasing percentage of these exposures deteriorated in quality as a result of the unfavourable economic environment, and a considerable number of these exposures, particularly in Romania and Hungary, continued to deteriorate in 2012. This is particularly true for customer loans in currencies other than the local currency of the customer's jurisdiction. As the value of the local currency declines versus the foreign currencies of such loans, as occurred in certain CEE countries during the economic downturn, the effective cost of the foreign currency denominated loan to the local customer may increase substantially, which can lead to delinquent payments on customer loans, migration of previously highly-rated loans into lower-rated categories and, ultimately, increases in non-performing loans and impairment charges. The effects of the global economic and financial crisis, such as stagnating or declining growth rates or negative gross domestic product ("GDP") development, significantly reduced private consumption and corporate investment, rising unemployment rates and decreasing private and commercial property values in certain regions, have had in recent years a particularly negative effect on the credit quality of Erste Group's loan portfolio in certain countries in which it operates.

Deterioration in Erste Group's credit quality and increases in non-performing loans may result in increased risk costs for Erste Group. Erste Group's risk costs are based on, among other things, its analysis of current and historical probabilities of default, loan management methods, the valuation of underlying assets and expected available income of clients, as well as other management assumptions. Erste Group's analyses and assumptions may prove to be inadequate and might result in inaccurate predictions of credit performance.

Erste Group maintains provisions on its balance sheet to cover estimated probable incurred credit losses inherent in its loan portfolio. In accordance with IFRS, Erste Group accounts for defaults of customers by making risk provisions, which include both specific risk provisions for loans (for which objective evidence of impairment exists) and portfolio risk provisions for loans (for which no objective evidence of impairment exists (incurred but not detected)). These provisions reflect Erste Group's estimates of losses in its loan portfolio. If a higher than expected proportion of Erste Group's customers default or if the average amount lost as a result of defaults is higher than expected or if individual corporate customers unexpectedly default, actual losses due to customer defaults will exceed the amount of provisions already taken and Erste Group's operating result will be adversely affected.

Despite an overall increase in risk costs at the group level in 2011, in certain CEE countries the increase in non-performing loans and the increase in required loan write-offs has led to decreasing non-performing loans (NPL) coverage ratios (ratio of risk provisions for loans and advances to customers on Erste Group's balance sheet as a percentage of non-performing loans and advances to customers). While risk costs in 2012 generally decreased at the group level, risk provisions for loans and advances to customers in Romania and Croatia and, as a result of a

higher NPL ratio (ratio of non-performing loans and advances to customers as a percentage of total loans and advances to customers) in lending to large corporate customers and real estate loans, in Erste Group Bank increased. Erste Group seeks to maintain an NPL coverage ratio that, in management's judgement, is appropriate to cover potential credit losses. However, there can be no assurances that the current NPL coverage ratio will not decline in the future, that annual risk costs will not rise or that the NPL coverage ratio will prove to be sufficient. Erste Group also sells portfolios of unsecured non-performing loans and there can be no assurances that the prices achieved on such sales will not be below the NPL coverage ratio. Gains and additional losses in connection with such portfolio sales of unsecured non-performing loans may also increase the volatility in Erste Group's quarterly results of operations.

A deterioration in credit quality may continue in certain countries where Erste Group operates and could even intensify if economic conditions remain difficult or if improving business climates are temporary. In addition, unanticipated political events or a continued lack of liquidity in certain CEE economies could result in credit losses which exceed the amount of Erste Group's loan loss provisions.

Each of the above factors has had in the past and could have in future periods a material adverse effect on Erste Group's results of operations, financial condition and capital base.

**Erste Group is subject to significant counterparty risk, and defaults by counterparties may lead to losses that exceed Erste Group's provisions.**

Like other financial institutions, Erste Group is exposed to the risk that third parties who owe it money, securities or other assets will not perform their obligations. This exposes Erste Group to the risk of counterparty defaults, which have historically been higher during periods of economic downturn.

In the ordinary course of its business, Erste Group is exposed to a risk of non-performance by counterparties in the financial services industry. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These counterparties include brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Many of these relationships expose Erste Group to credit risk in the event of default of a counterparty. In addition, Erste Group's credit risk may be exacerbated when the collateral it holds cannot be realised upon or is liquidated at prices below the level necessary to recover the full amount of the loan or cover the full amount of derivative exposure. Many of the hedging and other risk management strategies utilised by Erste Group also involve transactions with financial services counterparties. A weakness or insolvency of these counterparties may impair the effectiveness of Erste Group's hedging and other risk management strategies. Erste Group will incur losses if its counterparties default on their obligations. If a higher than expected proportion of Erste Group's counterparties default, or if the average amount lost as a result of defaults is higher than expected, actual losses due to counterparty defaults will exceed the amount of provisions already taken and results of operation will be adversely affected. If losses due to counterparty defaults significantly exceed the amounts of Erste Group's provisions or require an increase in provisions, this could have a material adverse effect on Erste Group's business, financial condition and results of operations.

Counterparty risk between financial institutions has increased from time to time in recent years as a result of volatility in the financial markets. Concerns about potential defaults by one financial institution can lead to significant liquidity problems, losses or defaults by other financial institutions as the commercial and financial soundness of many financial institutions is interrelated due to credit, trading and other relationships. Even a perceived lack of creditworthiness may lead to market-wide liquidity problems. This risk is often referred to as "systemic risk", and it affects banks and all different types of intermediaries in the financial services industry. Systemic risk could lead to a need for Erste Group as well as other banks in the markets in which Erste Group operates to raise additional capital while at the same time

making it more difficult to do so. Systemic risk could therefore have a material adverse effect on Erste Group's business, financial condition, results of operations, liquidity or prospects.

**Erste Group's hedging strategies may prove to be ineffective.**

Erste Group utilises a range of instruments and strategies to hedge risks. Unforeseen market developments may have a significant impact on the effectiveness of hedging measures. Instruments used to hedge interest and currency risks can result in losses if the underlying financial instruments are sold or if valuation adjustments must be undertaken. Gains and losses from ineffective risk-hedging measures can increase the volatility of the results generated by Erste Group, which could have a material adverse effect on Erste Group's business, financial condition and results of operations.

**Erste Group is exposed to declining values of the collateral supporting commercial and residential real estate loans.**

Erste Group has significant exposure to commercial and residential real estate loans. Commercial and residential real property prices in many of the countries where Erste Group operates declined in recent years, reflecting economic uncertainty. Commercial and residential property developers were forced to cease or delay construction of planned projects due to a lack of customers or, as a result of declining values of the collateral supporting the projects, their inability to finance construction. This led to reductions in prices of residential and commercial real estate and contractions in the residential mortgage and commercial lending markets in many countries. Erste Group's commercial property and residential real estate loan portfolios may suffer additional impairment losses if property values decline further in the future, collateral cannot be enforced or, as a result of weaknesses in Erste Group's collateral management or work-out processes, collateral values prove to be insufficient. Increasing unemployment rates could also lead to higher default rates and impairment losses on non-property commercial and consumer loans. In particular, Erste Group Immorent provides a broad range of services to commercial, residential and municipal real estate customers and is particularly susceptible to adverse developments in commercial and residential real estate markets in Austria and Central and Eastern Europe. If either of these risks were to materialise, it could have a material adverse effect on Erste Group's financial condition and results of operations.

**Market fluctuations and volatility may adversely affect the value of Erste Group's assets, reduce profitability and make it more difficult to assess the fair value of certain of its assets.**

Financial markets have been subject to significant stress conditions since mid-2007, where steep falls in perceived or actual values of assets held by banks and other financial institutions have been accompanied by a severe reduction in market liquidity. These events have negatively affected the value of the financial assets available for sale and the financial assets held-to-maturity particularly in 2011, adversely affecting Erste Group's results of operations for that period. Future deteriorations in economic and financial market conditions could lead to additional impairment charges or revaluation losses in future periods. Despite a recovery in economic and financial market conditions during 2012 and 2013 in most of the markets in which Erste Group is active, the value of financial assets may continue to fluctuate significantly or materially impact Erste Group's capital and comprehensive income if the fair value of financial assets declines.

Market volatility and illiquidity may make revaluation of certain exposures difficult, and the value ultimately realised by Erste Group may be materially different from the current or estimated fair value. In addition, Erste Group's estimates of fair value may differ materially both from similar estimates made by other financial institutions and from the values that would have been used if a market for these assets had been readily available. Any of these factors could require Erste Group to recognise further revaluation losses or realise impairment charges, any of which may adversely affect its business, financial condition, results of operations, liquidity or prospects.



**Erste Group is subject to the risk that liquidity may not be readily available.**

Erste Group, like many other banks, relies on customer deposits to meet a substantial portion of its funding requirements. The majority of Erste Group's deposits are retail deposits, a significant proportion of which are demand deposits. Such deposits are subject to fluctuation due to factors outside Erste Group's control, and Erste Group can provide no assurances that it will not experience a significant outflow of deposits within a short period of time. Because a significant portion of Erste Group's funding comes from its deposit base, any material decrease in deposits could have a negative impact on Erste Group's liquidity unless corresponding actions were taken to improve the liquidity profile of other deposits or to reduce liquid assets, which may not be possible on economically beneficial terms, if at all.

As credit providers, group companies of Erste Group are exposed to market liquidity risk, which arises from an inability to easily sell an asset because there is inadequate market liquidity or market disruption. They are also exposed to funding liquidity risk, which is an exposure to losses arising out of a change in the cost of refinancing, or from a spread over a certain horizon and confidence level, or from insolvency of counterparties, which may result in difficulties in meeting future payment obligations, either in full, on time or on economically beneficial terms.

Credit and money markets worldwide have experienced and continue to experience a reluctance of banks to lend to each other because of uncertainty as to the creditworthiness of the borrowing bank. Even a perception among market participants that a financial institution is experiencing greater liquidity risk may cause significant damage to the institution, since potential lenders may require additional collateral or other measures that further reduce the financial institution's ability to secure funding. This increase in perceived counterparty risk has led to further reductions in the access of Erste Group, along with other banks, to traditional sources of liquidity, and may be compounded by further regulatory restrictions on capital structures and calculation of regulatory capital ratios.

If Erste Group has difficulty in securing adequate sources of short- and long-term liquidity or if there were material deposit outflows this would have a material adverse effect on its business, financial condition and results of operations.

**Rating agencies may suspend, downgrade or withdraw a rating of Erste Group Bank or of a country where Erste Group is active, and such action might negatively affect the refinancing conditions for Erste Group Bank, in particular its access to debt capital markets.**

Erste Group Bank's credit ratings are important to its business. A rating is the opinion of a rating agency on the credit standing of an issuer, *i.e.*, a forecast or an indicator of a possible credit loss due to insolvency, delay in payment or incomplete payment to the investors. It is not a recommendation to buy, sell or hold securities. Such credit ratings have been issued by credit rating agencies established in the European Community and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009. Erste Group Bank's long-term credit ratings are: Standard & Poor's, A (outlook negative); Moody's, A3 (outlook negative); and Fitch Ratings, A (outlook stable).

A rating agency may in particular suspend, downgrade or withdraw a rating. A rating may also be suspended or withdrawn if Erste Group were to terminate the agreement with the relevant rating agency or to determine that it would not be in its interest to continue to supply financial data to a rating agency. A downgrading of the rating may lead to a restriction of access to funds and, consequently, to higher refinancing costs. A rating could also be negatively affected by the soundness or perceived soundness of other financial institutions.

A rating agency may also suspend, downgrade or withdraw a rating concerning one or more countries where Erste Group operates or may publish unfavourable reports or outlooks for a region or country where Erste Group operates. Moreover, if a rating agency suspends, downgrades or withdraws a rating or publishes unfavourable reports or outlooks on Austria,

such as S&P's downgrade of the Republic of Austria in January 2012 (which has recently been changed to a stable outlook), this could increase the funding costs of Erste Group.

Any downgrade of the credit rating of Erste Group Bank or any member of Erste Group, or of Austria or any other country in which Erste Group has significant operations, could have a material adverse effect on its liquidity and competitive position, undermine confidence in Erste Group, increase its borrowing costs, limit its access to funding and capital markets or limit the range of counterparties willing to enter into transactions with Erste Group and would as a consequence have a material adverse effect on its business, financial condition and results of operations.

**New regulatory or governmental requirements and changes in perceived levels of adequate capitalisation, liquidity levels and leverage could subject Erste Group to increased capital and liquidity requirements or standards and require it to obtain additional capital or liquidity in the future.**

In response to the global economic and financial crisis and the ongoing European sovereign debt crisis, a number of initiatives relating to the regulatory requirements applicable to European banks, including Erste Group, have been adopted or are in the process of being developed. These include the following:

- *Basel 2.5.* In the wake of the global economic and financial crisis, in mid-2010, the Basel Committee on Banking Supervision (the "Basel Committee") finalised new rules regarding the capital requirements applicable to trading activities. These rules, commonly referred to as Basel 2.5, have significantly increased applicable capital requirements by introducing new risk measures and by mandating specified capital treatment for certain identified asset classes. They also include a stressed value-at-risk requirement (VaR) that is intended to mitigate the cyclicity of the minimum regulatory capital framework. On a European level the Basel 2.5 framework has been adopted by Directive 2009/111/EC of 16 September 2009, together with a remuneration framework for bank managers.
- *Basel 3 and CRR/CRD IV.* In December 2010, the Basel Committee published its final standards on the revised capital adequacy framework, known as Basel 3, which also tighten the definition of capital and require banks to maintain capital buffers. On 10 July 2011, the European Commission proposed a Europe-wide implementation of Basel 3 through a legislative package referred to as CRR/CRD IV. Basel 3 and CRR/CRD IV will further increase the quality and quantity of required capital, increase capital against derivative positions and introduce a new liquidity framework as well as a leverage ratio. The date of application is 1 January 2014, with full implementation, in line with the original proposal by the European Commission, on 1 January 2019.
- *European Banking Authority's Capital Exercise.* On 26 October 2011, in response to ongoing market concerns over the ability of banks to absorb potential losses associated with sovereign debt, brought into focus by the ongoing European sovereign debt crisis, the Council of the European Union agreed to require a group of 70 large banks in the European Economic Area to create an exceptional and temporary capital ratio of 9% of core tier-1 capital. This capital ratio was calculated in accordance with the Basel 2.5 rules and specifically took into account certain EBA definitions (e.g., non-consideration of private participation capital in a total amount of €540 million) against banks' credit, operational and market risks, after accounting for certain criteria including the valuation of sovereign debt. The EBA, together with national banking regulators, completed the process of calculating individual capital buffers for the relevant banks. As of June 30, 2012, Erste Group's EBA capital ratio was 9.9%. The EBA decided that, once the new legal framework has been adopted in the European Union, a new recommendation will be issued; until that time, the existing EBA recommendation requires banks to maintain an absolute amount of core tier-1 capital corresponding to the level of 9% core tier-1 ratio at the end of June 2012.



- *Changes in Recognition of Own Funds.* Due to regulatory changes, various own funds instruments issued in the past will lose regulatory recognition as own funds or drop into lower categories than those in which they were initially recognised. For example, certain hybrid capital instruments will, over time, be phased out as additional tier-1 capital.
- *Stricter and Changing Accounting Standards.* Prospective changes in accounting standards as well as those imposing stricter or more extensive requirements to carry assets at fair value, could also impact Erste Group's capital needs. For example, IFRS 10, which has been endorsed by the EU and becomes effective for Erste Group's financial years beginning on or after 1 January 2014, establishes a single control model that applies to all entities and will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by a parent.
- *EU Recovery and Resolution Directive.* The European Commission has proposed a Recovery and Resolution Directive (the "RRD") that will be transposed in the member states' laws. The RRD establishes a framework for the recovery and resolution of credit institutions and will require EEA credit institutions to draw up "recovery and resolution plans" that set out certain arrangements and measures that may be taken to restore the long-term viability of the financial institution in the event of a material deterioration of its financial position. The RRD also aims at harmonising EU-wide principles for early intervention by supervisory authorities and certain resolution measures, including a bail-in tool, and establishing a pre-funded resolution fund. The final decision on Bank Recovery and Resolution Directive which, if adopted, will enter into force by 2015, is currently scheduled for late June 2013. For Erste Group, the Bank Recovery and Resolution Directive would impose a detailed framework for recovery and resolution plans at the group level and, for certain members of the group, on an individual level.
- *Austrian Supervisory Guidance.* In March 2012, the Austrian Financial Markets Authority (*Finanzmarktaufsichtsbehörde*) ("FMA") published supervisory guidance on the strengthening of the sustainability of the business models of large, internationally active Austrian banks, which included the requirement for Austrian parent financial institutions to submit recovery and resolution plans before the end of 2012 in order to proactively prepare for European frameworks under discussion. The supervisory guidance also foresees increased capitalisation requirements for banking groups reflected in the full implementation of the quantitative and qualitative Basel 3 rules with respect to common equity tier-1 capital, *i.e.*, a common equity tier-1 capital ratio of 7% (without making use of any related transitional provisions, except for the Participation Capital sub-scribed under the Austrian Financial Market Stabilisation Act 2008) beginning in 2013. In this respect, the FMA has indicated that it will implement an additional common equity tier-1 capital requirement to banking groups at a consolidated level of up to 3% beginning in 2016, while the level of such an additional common equity tier-1 capital requirement will depend on the systemic relevance of the particular banking group. In addition, strengthened local stable funding bases of subsidiaries through so-called "loan-to-local stable funding ratios", *i.e.*, the funding of loans through the local deposit base will be required.

Additional and new regulatory requirements may be adopted in the future, and the regulatory environment in many markets in which Erste Group operates continues to develop and change, including, for example, the recent proposal of a single supervisory mechanism and more integrated banking union within the EU. The substance and scope of any such new laws and regulations as well as the manner in which they will be adopted, enforced or interpreted may increase Erste Group's financing costs and could have an adverse effect on Erste Group's business, financial condition, results of operations and prospects.

In addition to complying with minimum regulatory capital requirements on a consolidated level for the entire Erste Group, Erste Group Bank itself is also subject to minimum regulatory capital requirements on an unconsolidated basis. In addition, members of Erste Group which are subject to local supervision in their country of incorporation may, on a single-entity and on a

consolidated level, be required to comply with applicable local regulatory capital requirements. It is therefore possible that individual entities within Erste Group or sub-groups require more regulatory capital, even though the regulatory capital of Erste Group on a consolidated basis is sufficient. In the first quarter 2013, Erste Group applied for the first time the waiver pursuant to Section 29a Banking Act in order to calculate consolidated regulatory capital and consolidated regulatory capital requirements based on IFRS. As a result, Erste Group expects that consolidated regulatory capital calculated on the basis of IFRS will in the future be more volatile than historically under Austrian GAAP, primarily due to the consideration of the AfS reserve.

In the course of the global financial crisis, the rules on regulatory capital for credit institutions have come under scrutiny by legislators, regulators and advisory bodies (e.g., the Basel Committee). Legislative or regulatory changes in the current definitions of what is deemed to qualify as core tier-1 capital (such as minority interests or Erste Group Bank's participation capital securities not held by the Republic of Austria) could reduce Erste Group's core tier-1 ratio or otherwise reduce the regulatory capital of Erste Group Bank or Erste Group on a single entity or consolidated level. There can be no assurances that, in the event of a change of the applicable rules, adequate grandfathering or transition periods will be implemented to allow Erste Group to repay or replace such derecognised core tier-1 or other regulatory capital instruments in a timely fashion or on favourable terms.

Erste Group may therefore need to obtain additional capital in the future. Such capital, whether in the form of additional equity or other capital recognised as regulatory capital, may not be available on attractive terms or at all. Further, any such regulatory development may expose Erste Group to additional costs and liabilities, require it to change how it conducts its business or otherwise have a negative impact on its business, the products and services it offers and the value of its assets. There can be no assurances that Erste Group would be able to increase its capital ratios sufficiently or on time. If Erste Group is unable to increase its capital ratios sufficiently, its ratings may drop and its cost of funding may increase, the occurrence of which could have a material adverse effect on its business, financial condition and results of operations.

**Erste Group's risk management strategies and internal control procedures may leave it exposed to unidentified or unanticipated risks.**

Erste Group's risk management techniques and strategies have not been, and may in the future not be, fully effective in mitigating Erste Group's risk exposure in all economic market environments or against all types of risks, including risks that it fails to identify or anticipate. Furthermore, regulatory audits or other regular reviews of the risk management procedures and methods have in the past detected, and may in the future detect, weaknesses or deficiencies in Erste Group's risk management systems. Some of Erste Group's quantitative tools and metrics for managing risks are based upon its use of observed historical market behaviour. Within its Group Strategic Risk Management and enterprise-wide Risk Management, Erste Group applies statistical and other tools to these observations to arrive at quantifications of risk exposures. For example, Erste Group employs stress testing, risk-bearing capacity calculation and risk-weighted asset management as part of its strategic risk management.

During the recent financial crisis, the financial markets experienced unprecedented levels of volatility (rapid changes in price direction) and the breakdown of historically observed correlations (the extent to which prices move in tandem) across asset classes, compounded by extremely limited liquidity. In this volatile market environment, Erste Group's risk management tools and metrics failed to predict some of the losses it experienced and may in the future under similar conditions of market disruption fail to predict future important risk exposures. In addition, Erste Group's quantitative modelling does not take all risks into account and makes numerous assumptions regarding the overall environment, which may or may not materialise. As a result, risk exposures have arisen and could continue to arise from factors not anticipated or correctly evaluated in Erste Group's statistical models. This has limited and could continue to

limit Erste Group's ability to manage its risks, especially in light of the ongoing European sovereign debt crisis, many of the outcomes of which are currently unforeseeable. If circumstances arise that Erste Group did not identify, anticipate or correctly evaluate in developing its statistical models, losses could be greater than the maximum losses envisaged under its risk management system. Furthermore, the quantifications do not take all risks or market conditions into account. If the measures used to assess and mitigate risks prove insufficient, Erste Group may experience material unanticipated losses, which could have a material adverse effect on its business, financial condition and results of operations.

**Erste Group's business entails operational risks.**

Erste Group is exposed to operational risk, which is the risk of loss resulting from inadequacy or failure of internal processes or systems or from external events. Erste Group is susceptible to, among other things, fraud by employees or outsiders, including unauthorised transactions and operational errors, clerical or record-keeping errors. Erste Group is also susceptible to errors resulting from faulty computer or telecommunications systems. The employment of modern technologies is of central importance for the banking sector and the Erste Group's business. Regular enhancements are required for all IT systems to meet the demands imposed by changes in business and regulatory requirements. New or updated IT systems may not function properly or satisfy the particular requirements. Given Erste Group's high volume of transactions, fraud or errors may be repeated or compounded before they are discovered and rectified. Consequently, any inadequacy of Erste Group's internal processes or systems in detecting or containing such risks could result in unauthorised transactions and errors, which may have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects. Erste Group may also suffer service interruptions from time to time due to failures by third-party service providers and natural disasters, which are beyond its control. Such interruptions may result in interruptions in services to Erste Group's subsidiaries and branches and may impact customer service.

**Erste Group may have difficulty recruiting or retaining qualified employees.**

Erste Group's existing operations and ability to enter new markets depend on its ability to retain existing employees and to identify and recruit additional individuals who are not only familiar with the local language, customs and market conditions, but also have the necessary qualifications and level of experience in banking. In many of the CEE markets in which Erste Group currently operates, the pool of individuals with the required set of skills is smaller than in most Western European countries. Increasing competition for labour in Erste Group's core markets from other international financial institutions may also make it more difficult for Erste Group to attract and retain qualified employees and may lead to rising labour costs in the future. Moreover, if caps or further restrictions under CRD III or, in the future, CCR/CRD IV were to be imposed on salaries or bonuses paid to executives of Erste Group Bank or its subsidiaries (including caps imposed by governments in connection with extending support to Erste Group), Erste Group's ability to attract and retain high-quality personnel could be limited and could result in losses of qualified personnel. If Erste Group is unable to attract and retain new talent in key strategic markets or if competition for qualified employees increases its labour costs, this could have a material adverse effect on Erste Group's business, financial condition and results of operations.

**Any failure or interruption in, or breach in security of, Erste Group's information systems, and any failure to update such systems, may result in lost business and other losses.**

Erste Group relies heavily on information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its risk management, general ledger, deposit servicing or loan origination systems. If Erste Group's information systems, including its back-up systems, were to fail, even for a short period of time, or its business continuity plans for cases of emergency would prove ineffective, it could be unable to serve some customers' needs on a timely basis and could thus lose their business.

Likewise, a temporary shutdown of Erste Group's information systems could result in costs that are required for information retrieval and verification. There can be no assurances that such failures or interruptions will not occur or that Erste Group can adequately address them if they do occur. Accordingly, the occurrence of such failures or interruptions could have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects. In addition, there can be no assurances that the rollout or implementation of any new systems or processes will provide the desired benefit to Erste Group's business, or will not involve failures or business interruptions that could have a material adverse effect on its business, financial condition, results of operations and prospects. To a limited extent, Erste Group has outsourced certain IT services and operations to external service providers and may in the future expand the scope of outsourcing arrangements in order to optimise its costs structure and increase flexibility. Unsatisfactory quality of the external providers' services could heighten or exacerbate risks associated with the failure or interruption of its information systems as well as result in additional operational deficiencies or reputational risk.

**Erste Group Bank may be required to provide financial support to troubled banks in the *Haftungsverbund*, which could result in significant costs and a diversion of resources from other activities.**

In 2002, the *Haftungsverbund* was formed pursuant to the *Grundsatzvereinbarung* among the majority of Austrian savings banks. The purpose of the *Haftungsverbund* was to establish a joint early-warning as well as a cross-guarantee system including an extended deposit guarantee for certain liabilities of the member savings banks and to strengthen the cooperation of the Savings Banks sector in the Austrian market.

Under the *Haftungsverbund*, Erste Group Bank and all other member savings banks are obliged to provide financially troubled members with specified forms of financial and management support and, in the event of a member's insolvency, to contribute to the repayment of certain protected deposits. Under the *Haftungsverbund*, member savings banks are also required to follow specific credit and risk management guidelines for providing and managing loans and other financial products, which are effectively set and monitored indirectly by Erste Group Bank although Erste Group Bank does not exercise direct operational control over the management of the member savings banks. These requirements are often more detailed and strict than those previously in place at certain of the individual savings banks.

In light of IFRS 10 and CRR/CRD IV which will be effective for financial years beginning 1 January 2014 and include stricter control and regulatory requirements, Erste Group Bank is currently negotiating a revised *Haftungsverbund* agreement in order to be able to continue the consolidation of the savings banks and to ensure 100% recognition of the non-controlling interests as common equity tier-1 capital at the consolidated level of Erste Group Bank. As a part of this process, Erste Group aims to strengthen the cooperation within the *Haftungsverbund*, in particular to adapt the arrangements with a view to the new requirements. If individual savings banks do not agree on the proposed changes, the deconsolidation of such savings banks as members of the *Haftungsverbund* may occur. Under the agreement governing the *Haftungsverbund*, Erste Group Bank may be required to provide support and repay certain protected deposits even where there has been non-compliance by one or more members of the *Haftungsverbund* with the risk management requirements. Consequently, Erste Group Bank's ability to manage the risk associated with the financial obligations it has assumed under the *Haftungsverbund* will depend on its ability to enforce the risk management requirements of the system. Erste Group Bank may be obliged to provide liquidity, take other measures and incur significant costs in the event that another savings bank in the *Haftungsverbund* experiences financial difficulties or becomes insolvent or in order to prevent one of the savings banks from experiencing financial difficulties. This could require Erste Group Bank to utilise resources in a manner that could have a material adverse effect on Erste Group Bank's business, financial condition and results of operations.

**Changes in interest rates are caused by many factors beyond Erste Group's control, and such changes can have significant adverse effects on its financial results, including net interest income.**

Erste Group derives the majority of its operating income from net interest income. Interest rates are sensitive to many factors beyond Erste Group's control, such as inflation, monetary policies set by central banks and national governments, the liberalisation of financial services and increased competition in the markets in which Erste Group operates, domestic and international economic and political conditions, as well as other factors. Changes in interest rates can affect the spread between the rate of interest that a bank pays to borrow funds from its depositors and other lenders and the rate of interest that it charges on loans it extends to its customers. If the interest margin decreases, net interest income will also decrease unless Erste Group is able to compensate such decrease by increasing the total amount of funds it lends to its customers. A decrease in rates charged to customers will often have a negative effect on margins, particularly when interest rates on deposit accounts are already very low, since a bank may have little ability to make a corresponding reduction in the interest it pays to lenders. An increase in rates charged to customers can also negatively impact interest income if it reduces the amount of customer borrowings. For competitive reasons, Erste Group may also choose to raise rates of interest it pays on deposits without being able to make a corresponding increase in the interest rates it charges to its customers. Finally, a mismatch in the structure of interest-bearing assets and interest-bearing liabilities in any given period could, in the event of changes in interest rates, reduce Erste Group's net interest margin and have a material adverse effect on its net interest income and, thereby, its business, results of operation and financial condition.

**Since a large part of Erste Group's operations, assets and customers are located in CEE countries that are not part of the Eurozone, Erste Group and its customers are exposed to currency risks.**

A large part of Erste Group Bank's and Erste Group's operations, assets and customers are located in CEE countries that are not part of the Eurozone (*i.e.*, that do not use the Euro as their functional currency), and financial transactions in currencies other than the Euro give rise to foreign currency risks. In addition to loans denominated in local CEE currencies, many of Erste Group's retail and corporate customers in Hungary, Romania, Croatia, Serbia and Austria have taken out loans which are denominated in currencies other than their relevant local currencies (primarily in EUR, USD and CHF). To the extent that the local currencies decline in value, or in the future will decline in value, relative to the currency in which such loans were made, borrowers will need to convert a larger amount of local currency into the currency in which the loan is denominated in order to make payments of principal and interest on the loan. In this scenario, Erste Group anticipates a higher number of loan defaults in these countries. Alternatively, local governments may undertake measures that affect currency levels and exchange rates and impact Erste Group's credit exposure to such currencies, such as the Swiss National Bank's setting of a minimum exchange rate against the Euro in September 2011 or Hungary's introduction of a law allowing consumers to repay foreign currency loans at fixed exchange rates below market exchange rates. Moreover, there can be no assurances that similar measures will not be introduced or imposed on other customer segments or countries as well.

In addition, the equity investments that Erste Group Bank has in its non-Eurozone subsidiaries, and the income and assets, liabilities and equity of non-Eurozone subsidiaries, when translated into Euro, may also be lower due to devaluation of their local currencies *vis-à-vis* the Euro. Erste Group hedges its foreign currency exposure related to capital investments in its foreign subsidiaries only to a limited extent. These and other effects of currency devaluation could have a material adverse effect on Erste Group Bank's and Erste Group's business, financial condition, capital ratios, results of operations and prospects.



**Erste Group may be unable to achieve the return to profitability of BCR or may be required to recognise further impairment charges resulting from previous acquisitions.**

Erste Group's results of operations in the current financial year and in the future will depend in part on the return to profitability of BCR. BCR has sustained significant losses in the past and may not achieve to significantly decrease its risk provisions for loans and advances and improve its overall risk situation in Romania. For the financial year 2011, Erste Group wrote down approximately €1.1 billion in goodwill, of which €692.8 million was goodwill related to BCR and €312.7 million was goodwill related to Erste Bank Hungary. For the financial year 2012, Erste Group wrote down approximately €514.9 million in goodwill, of which an amount of €469.4 million was goodwill related to BCR and €45.5 million was goodwill related to certain subsidiaries in Austria. The carrying amounts of intangible assets related to goodwill and brand on Erste Group's consolidated balance sheet as of 31 December 2012 and 31 March 2013 was approximately €1.9 billion and €1.9 billion, respectively.

The carrying amount of goodwill on Erste Group's consolidated balance sheet would be reduced in the event that the effects of an economic downturn, persistent stagnation or slower return to projected economic growth, increased competition or any other adverse event caused Erste Group's estimate of the businesses' future cash flows to be revised downwards or if the rate used to discount the cash flows is increased. Economic downturn or slower return to projected economic growth may in the future lead to higher than expected risk provisions for loans and advances to customers in Erste Bank Croatia and as a consequence may result in the impairment of goodwill which amounted to €113.4 million as of 31 March 2013. Depending on the size of the reduction in goodwill, such a reduction could have a material adverse effect on Erste Group's results of operations in that period, on the reported amount of its assets and on its equity, and on Erste Group's ability to pay dividends on the New Shares.

**A change of the ECB's collateral standards could have an adverse effect on the funding of Erste Group and access to liquidity.**

As a result of the funding pressures arising from the European sovereign debt crisis, there has been increased intervention by a number of central banks, in particular the ECB. Among other measures, the ECB has agreed to provide low-interest secured loans to European financial institutions for up to three years and lowered the requirements for collateral. As of the date of this Prospectus, the ECB accepts certain instruments, including *Pfandbriefe*, issued by Erste Group Bank as collateral for its tenders. If the ECB were to restrict its collateral standards or if it would increase the rating requirements for collateral securities, this could increase Erste Group's funding costs and limit Erste Group's access to liquidity, especially where deposits or other sources of liquidity are inadequate in the short term, and accordingly have an adverse effect on Erste Group's business, financial condition and results of operations.

**Erste Group operates in highly competitive markets and competes against large international financial institutions as well as established local competitors.**

Erste Group faces significant competition in all aspects of its business, both in Austria and Central and Eastern Europe. Erste Group competes with a number of large international financial institutions and local competitors. If Erste Group is unable to respond to the competitive environment in these markets with product and service offerings that are profitable, it may lose market shares in important parts of its business or incur losses on some or all of its activities.

The trend towards consolidation in the global financial services industry, which has increased due to the recent financial and economic crisis, is creating competitors with extensive ranges of product and service offerings, increased access to capital and greater efficiency and pricing power. These global financial institutions may be more appealing to customers, especially large corporate customers, because of their larger international presence or financial resources. In addition, in some markets, in particular Austria and Hungary, Erste Group faces competition from established local banks which operate a larger number of branches, offer customers a

broader range of banking and financial products and services, and benefit from relationships with a large number of existing customers.

Erste Group faces strong competition in Austria not only from UniCredit Bank Austria AG ("Bank Austria") and the Raiffeisen banks, but also from large international banks and new entrants from neighbouring countries. As a result of this competition, in particular in the retail segment, net interest margins have historically been very low. Failure to maintain net interest margins at current levels may have a significant negative impact on the Group's financial condition and results of operations.

As banking markets in CEE mature, Erste Group expects increased competition from global financial institutions and local competitors, with the level of increased competition likely to vary from country to country. Erste Group's ability to compete effectively will depend on the ability of its businesses to adapt quickly to market and industry trends. If Erste Group fails to compete effectively, or if governmental action in response to financial crises or economic downturns results in it being placed at a competitive disadvantage, Erste Group's business, financial condition and results of operations may be adversely affected.

**Erste Group Bank's major shareholder may be able to control shareholder actions.**

According to its most recent voting rights notification and not taking into account the share capital increase contemplated as part of the Combined Offering, 26.40% of the shares in Erste Group Bank were attributed to Erste Stiftung as of 28 June 2013. In addition, Erste Stiftung has the right to appoint one third of the members of the Supervisory Board of Erste Group Bank who were not delegated by the employees' council. To date, Erste Stiftung has not exercised its appointment right, so that all of the Supervisory Board members who were not delegated by the employees' council have been elected by the Shareholders' Meeting. However, Erste Stiftung has voted, and is committed to voting, in favour of the minority representative on the Supervisory Board who is selected by retail shareholders through a separate pre-election supervised by a notary public. In addition, under the preferred partnership agreement between Erste Stiftung and CaixaBank, S.A., Erste Stiftung has agreed to vote in favour of one Supervisory Board member proposed by CaixaBank, S.A. Pursuant to the Shareholder's Agreement entered into between WSW and Erste Stiftung, WSW undertakes to vote in elections of Supervisory Board members in accordance with the proposals of Erste Stiftung.

In addition, because voting is based on the number of shares present or represented at a shareholders' meeting rather than the total number of shares outstanding, the ability of major shareholders to influence a shareholder vote on subjects which require a majority vote will often be greater than the percentage of outstanding shares owned by them. Under Austrian corporate law and the Articles of Association, a shareholder that holds more than 25% of Erste Group Bank's shares is able to block a variety of corporate actions requiring shareholder approval, such as the creation of authorised or conditional capital, changes in the purpose of Erste Group Bank's business, mergers, spin-offs and other business combinations. As a result, Erste Stiftung will likely be able to exert significant influence on the outcome of any shareholder vote and may, depending on the level of attendance at a Shareholders' Meeting, be able to control the outcome of most decisions requiring shareholder approval.

Pursuant to its founding charter, the aims of the Erste Stiftung are to safeguard the future of Erste Group as an independent organisation and to donate a part of its income to the common welfare of the region within which Erste Group operates. It is possible that in pursuing these objectives Erste Stiftung may exercise or be expected to exercise influence over Erste Group in ways that may not be in the interest of other shareholders.

**Contractual arrangements with the Republic of Austria may affect the business of Erste Group.**

On 26 February 2009, Erste Group Bank and its subsidiary Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank Oesterreich") entered into an agreement in principle (*Grundsatzvereinbarung*) with the Republic of Austria, which was subsequently amended on 9 March 2009 and 27 October/23 November 2009 (the "*Grundsatzvereinbarung*"). Under the



*Grundsatzvereinbarung*, the Republic of Austria agreed to subscribe for a specific type of tier-1 capital: participation capital to be issued by Erste Group Bank and hybrid capital to be issued by Erste Bank Oesterreich. In 2009, Erste Bank issued in several tranches Participation Capital Securities, constituting participation capital (*Partizipationskapital*) within the meaning of the Banking Act, in an aggregate nominal amount of €1,763,744,000 divided into 1,763,744 bearer Participation Capital Securities. Pursuant to the *Grundsatzvereinbarung*, the Republic of Austria subscribed for Participation Capital Securities with a total nominal amount of €1.224 billion in 2009, while no hybrid capital of Erste Bank Oesterreich has been subscribed for. The *Grundsatzvereinbarung* contains certain covenants and undertakings *vis-à-vis* the Republic of Austria, *inter alia*, related to the issuance of such tier-1 capital, its terms and conditions and the conduct of business of Erste Group Bank and Erste Bank Oesterreich, which will apply at least as long as such tier-1 capital securities are held by the Republic of Austria and may restrict the conduct of business. Such covenants, *inter alia*, include an obligation to ensure, to the extent permitted by civil law, that employees and members of corporate bodies do not receive inappropriate compensation, premiums or other inappropriate benefits, and no bonuses are paid to the management for years in which the Republic of Austria does not receive the full dividend on the tier-1 capital subscribed by it. Furthermore, it must be ensured that the business policies are aimed at sustaining the business, in particular that a threshold of the minimum own funds ratio pursuant to Basel 2 plus two percentage points is met, and that the tier-1 ratio (tier-1 capital before regulatory deductions to total risk) does not fall below 7%. In addition, services must be offered on market terms to avoid distortions of competition. The covenants also include extensive disclosure requirements and reporting obligations *vis-à-vis* the Republic of Austria. If such covenants and undertakings are not complied with, the *Grundsatzvereinbarung* provides for contractual fines. If the Republic of Austria deems a covenant or undertaking breached, the burden of proof that no breach has occurred has been reversed. In addition, the Republic of Austria could compel compliance with covenants and undertakings under the *Grundsatzvereinbarung* by instituting court proceedings. After the contemplated redemption of the Participation Capital Securities in connection with the Combined Offering, including the Participation Capital Securities held by the Republic of Austria, the covenants and undertakings of Erste Group Bank under the *Grundsatzvereinbarung* will cease to apply, however, certain disclosure requirements and reporting obligations *vis-à-vis* the Republic of Austria will remain in force. As long as these contractual restrictions apply, they may limit the flexibility with respect to the conduct of business, which may have a material adverse effect on Erste Group's business, financial condition and results of operations.

**Compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules involves significant costs and efforts and non-compliance may have severe legal and reputational consequences.**

Erste Group is subject to rules and regulations regarding money laundering, corruption and the financing of terrorism. These rules and regulations have been tightened in recent years and may be further tightened and more strictly enforced in the future. Monitoring compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules can result in a significant financial burden on banks and other financial institutions and can pose significant technical problems. Erste Group cannot guarantee that it is in compliance with all applicable anti-money laundering, anti-corruption and anti-terrorism financing rules at all times or that its Group-wide anti-money laundering, anti-corruption and anti-terrorism financing standards are being consistently applied by its employees in all circumstances. Any violation of anti-money laundering, anti-corruption or anti-terrorism financing rules, or even alleged violations, may have severe legal, monetary and reputational consequences and could have a material adverse effect on Erste Group's business, financial condition and results of operations.

**Changes in consumer protection laws as well as the application or interpretation of such laws might limit the fees and other pricing terms that Erste Group may charge for certain banking transactions and might allow consumers to claim back certain of those fees already paid in the past.**

Changes in consumer protection laws or the interpretation of consumer protection laws by courts or governmental authorities could limit the fees that Erste Group may charge for certain of its products and services and thereby result in lower commission income. Moreover, as new laws and amendments to existing laws are adopted in order to keep pace with the continuing transition to market economies in some of the CEE countries in which Erste Group operates, existing laws and regulations as well as amendments to such laws and regulations may be applied inconsistently or interpreted in a manner that is more restrictive. Several subsidiaries of Erste Group in CEE countries have been named in their respective jurisdictions as defendants in a number of lawsuits and in regulatory proceedings filed by individual customers, regulatory authorities or consumer protection agencies and associations. Some of the lawsuits are class actions. The lawsuits mainly relate to allegations that certain contractual provisions, particularly in respect of consumer loans, violate mandatory consumer protection laws and regulations. The allegations relate to the enforceability of certain fees as well as of contractual provisions for the adjustment of interest rates and currencies and that certain fees charged to customers in the past must be repaid. Moreover, any such changes in consumer protection laws or the interpretation of such laws by courts or governmental authorities could impair Erste Group's ability to offer certain products and services or to enforce certain clauses and reduce Erste Group's net commission income and have an adverse effect on its results of operations.

**The integration of potential future acquisitions may create additional challenges.**

Erste Group may in the future seek to make acquisitions to support its business objectives and complement the development of its business in its existing and new geographic markets. Such strategic transactions demand significant management attention and require Erste Group to divert financial and other resources that would otherwise be available for its existing business, and the benefits of potential future acquisitions may take longer to realise than expected and may not be realised fully or at all. There can be no assurances that Erste Group will be able to successfully pursue, complete and integrate any future acquisition targets. In addition, there can be no assurances that it will be able to identify all actual and potential liabilities to which an acquired business is exposed prior to its acquisition. Any of these factors could lead to unexpected losses following the acquisition, which may have a material adverse effect on Erste Group's business, financial condition and results of operations.

## **Risks related to the markets in which Erste Group operates**

**The departure of any one or more countries from the Eurozone could have unpredictable consequences for the financial system and the greater economy, potentially leading to declines in business levels, write-downs of assets and losses across Erste Group's business.**

Should a Eurozone country conclude that it must exit the common currency, the resulting need to reintroduce a national currency and restate existing contractual obligations could have unpredictable financial, legal, political and social consequences. Given the highly interconnected nature of the financial system within the Eurozone and the levels of exposure Erste Group has to public and private counterparties across Europe, its ability to plan for such a contingency in a manner that would reduce its exposure to non-material levels is limited. If the overall economic climate deteriorates as a result of one or more departures from the Eurozone, nearly all of Erste Group's segments could be materially adversely affected.

If European policymakers are unable to contain the European sovereign debt crisis, Erste Group's results of operations and financial position would likely be materially adversely affected as Erste Group may be required to take further write-downs on its sovereign debt exposures and other assets as the macroeconomic environment deteriorates. In addition, the possibility exists that one or more members of the Eurozone may leave the common currency,

resulting in the reintroduction of one or more national currencies in such countries. The effects of such an event are difficult to anticipate and may have a substantial negative effect on Erste Group's business and outlook, including as a consequence of adverse impacts on economic activity both within and outside the Eurozone.

The deterioration of the sovereign debt market in the Eurozone and Central and Eastern Europe, particularly the increasing costs of borrowing affecting many Eurozone states late in 2011 and downgrades in credit rating of most Eurozone countries in 2011 and 2012, indicate that the sovereign debt crisis can affect even the financially most stable countries in the Eurozone. While the costs of borrowing declined again throughout 2012 and the first three months of 2013, considerable doubt remains whether actions taken by European policymakers will be sufficient to contain or overcome the crisis over the medium to longer term. In particular, further credit rating downgrades of EU member states, such as France and the Republic of Austria, may threaten the effectiveness of the European Financial Stability Facility ("EFSF") or the European Stability Mechanism ("ESM"). Since the EFSF's and ESM's credit ratings are based on the ratings of its financing members, the reduction of these members' ratings may increase the borrowing costs of the EFSF or ESM such that its ability to raise funds to assist Eurozone governments would be reduced. In addition, the austerity programmes introduced by a number of countries across the Eurozone in response to the sovereign debt crisis may have the effect of dampening economic growth over the short, medium or long term. Declining rates of economic growth in Eurozone countries could exacerbate their difficulties in refinancing their sovereign debt as it comes due, further increasing pressure on other Eurozone governments.

**Erste Group operates in emerging markets that may experience rapid economic or political changes, either of which may adversely impact its financial performance and results of operations.**

Erste Group operates in emerging markets throughout Central and Eastern Europe. In recent years, certain of these countries have undergone substantial political, economic and social change. As is typical for emerging markets, they do not have in place the full business, legal and regulatory structures that would commonly exist in more mature free market economies. As a result, Erste Group's operations are exposed to risks common to regions undergoing rapid political, economic and social change, including currency fluctuations, exchange control restrictions, an evolving regulatory environment, inflation, economic recession, local market disruption and labour unrest. Macroeconomic events, such as recession, deflation or hyperinflation, may lead to an increase in defaults by Erste Group's customers, which would adversely impact Erste Group's results of operations and financial condition. Political or economic instability resulting from, or causing, the occurrence of any of these risks would also adversely affect the market for Erste Group's products and services. The level of risk that Erste Group faces differs significantly by country.

The following paragraphs contain brief descriptions of certain material risks Erste Group is exposed to in its primary CEE markets, any of which could have a material adverse effect on Erste Group's business, financial condition or results of operations. These descriptions should be read in conjunction with the other risk factors and do not purport to be complete.

***Czech Republic subsegment***

As of 31 March 2013, the Czech Republic subsegment recorded total loans and advances to customers of €17,526 million (as of 31 December 2012: €17,891million) and total customer deposits of €24,548.4 million (as of 31 December 2012: €25,598.2 million) and generated pre-tax profit of €167.9 million in the three-month period ended 31 March 2013 (in the financial year ended 31 December 2012: €656.2 million).

Real GDP in the Czech Republic grew by 2.3% in 2010 before slowing down to 1.8% in 2011 and declining by 1.2% in 2012 (source: Czech Statistical Office). Over the same period, GDP per capita climbed from €14,300 at the end of 2010 to €14,800 at the end of 2011 and €14,500 at

the end of 2012 (source: Czech Statistical Office). Private consumption growth in the Czech Republic, which had increased by 0.9% in 2010, increased by 0.5% in 2011 and fell by 2.7% in 2012 (source: Czech Statistical Office). After low price increases in 2009, consumer price inflation climbed from 1.5% in 2010 to 1.9% in 2011 and 3.3% in 2012, primarily driven by higher energy and food prices as well as by price deregulation (source: Czech Statistical Office). Unemployment, which stood at 7.4% at the end of 2010, dropped to 6.8% at the end of 2011 and stood at 7.4% by the end of 2012 (source: CNB). The government current account deficit as a share of GDP was 2.4% as of 31 December 2012 (source: Eurostat).

### ***Romania subsegment***

As of 31 March 2013, the Romania subsegment recorded total loans and advances to customers of €10,523 million (as of 31 December 2012: €10,682 million) and total customer deposits of €7,507.6 million (as of 31 December 2012: €7,594.9 million) and generated pre-tax loss of €7.7 million in the three-month period ended 31 March 2013 (in the financial year ended 31 December 2012: pre-tax loss of €378.6 million).

Real GDP in Romania declined by 1.1% in 2010 before growing by 2.2% in 2011 and modestly growing by 0.7% in 2012 (source: National Institute of Statistics). Over the same period, GDP per capita rose from €5,800 at the end of 2010 to €6,100 at the end of 2011 and €6,170 at the end of 2012 (source: National Institute of Statistics and internal calculations of Erste Group Bank). Private consumption growth in Romania stabilised in 2010, declining only by 0.2% after large swings in previous years, and grew by 1.1% in each of 2011 and 2012, respectively (source: National Institute of Statistics). Consumer price inflation decreased from 6.1% in 2010 to 5.8% in 2011 and 3.3% in 2012 (source: National Institute of Statistics). Unemployment, which stood at 7.3% at the end of 2010 remained almost constant at 7.4% at the end of 2011 and slightly improved to 7.0% at the end of 2012 (source: Eurostat). The government current account deficit as a share of GDP was 3.8% as of 31 December 2012 (source: Eurostat).

### ***Slovakia subsegment***

As of 31 March 2013, the Slovakia subsegment recorded total loans and advances to customers of €6,709 million (as of 31 December 2012: €6,598 million) and total customer deposits of €8,212.7 million (as of 31 December 2012: €7,620.3 million) and generated pre-tax profit of €47.0 million in the three-month period ended 31 March 2013 (in the financial year ended 31 December 2012: €210.6 million).

Real GDP in Slovakia grew by 4.4%, 3.2% and 2.0% in 2010, 2011 and 2012, respectively (source: Slovak Statistical Office). Over the same period, GDP per capita climbed from €12,100 at the end of 2010 to €12,700 at the end of 2011 and €13,100 at the end of 2012 (source: Slovak Statistical Office and internal calculations of Erste Group Bank). Nevertheless, private consumption growth in Slovakia declined by 0.8% in 2010, 0.4% in 2011 and also 0.4% in 2012 (source: Slovak Statistical Office). After a period of historically low price increases, consumer price inflation rose from 1.0% in 2010 to 3.9% in 2011 and 3.6% in 2012 primarily due to increases in regulated prices of commodities, increases in VAT in 2011 and higher food prices (source: Slovak Statistical Office). Unemployment, which stood at 14.4% at the end of 2010, had dropped to 13.5% by the end of 2011 and increased slightly to 13.9% by the end of 2012 (source: Slovak Statistical Office). The government current account surplus as a share of GDP was 2.8% as of 31 December 2012 (source: Eurostat).

### ***Hungary subsegment***

As of 31 March 2013, the Hungary subsegment recorded total loans and advances to customers of €5,886 million (as of 31 December 2012: €6,185 million) and total customer deposits of €3,948.1 million (as of 31 December 2012: €4,018.4 million) and generated pre-tax loss of €26.2 million in the three-month period ended 31 March 2013 (in the financial year ended 31 December 2012: pre-tax loss of €46.2 million).

Real GDP in Hungary grew by 1.3% and 1.6% in 2010 and 2011, respectively, and declined by 1.7% in 2012 (source: Central Statistical Office). Over the same period, GDP per capita climbed from €9,700 at the end of 2010 to €10,000 at the end of 2011 and declined slightly to €9,800 at the end of 2012 (source: Central Statistical Office). Nevertheless, private consumption in Hungary declined by 2.7% in 2010, by 1.7% in 2011 and by 2.0% in 2012 (source: Central Statistical Office). Consumer price inflation fell from 4.9% in 2010 to 3.9% in 2011 but increased again to 5.7% in 2012 primarily due to commodity price increases, increases in VAT in 2011 and a weaker Hungarian forint (source: Central Statistical Office). Unemployment, which stood at 11.2% at the end of 2010, declined to 10.9% by the end of 2011 and stood at 10.9% by the end of 2012 (source: Central Statistical Office). The government current account surplus as a share of GDP was 1.6% as of 31 December 2012 (source: European Commission).

### ***Croatia subsegment***

As of 31 March 2013, the Croatia subsegment recorded total loans and advances to customers of €5,863 million (as of 31 December 2012: €5,909 million) and total customer deposits of €4,101.1 million (as of 31 December 2012: €4,155.8 million) and generated pre-tax profit of €3.6 million in the three-month period ended 31 March 2013 (in the financial year ended 31 December 2012: €55.5 million).

Real GDP in Croatia fell by 2.3% in 2010 before stagnating in 2011 and falling again by 2.0% in 2012 (source: Croatian Bureau of Statistic). Over the same period, GDP per capita climbed from €10,000 at the end of 2010 to €10,300 at the end of 2011 and stood at €10,200 at the end of 2012 (source: Croatian Bureau of Statistic). Private consumption declined by 0.9% in 2010 but grew modestly in 2011 by 0.2% and declined by 3.0% in 2012 (source: Croatian Bureau of Statistic). Consumer price inflation rose from 1.1% in 2010 to 2.3% in 2011 and 5.2% in 2012, while unemployment increased over the same period from 11.8% at the end of 2010 to 13.4% at the end of 2011 and 15.8% by the end of 2012 (source: Croatian Bureau of Statistic). The government current account surplus as a share of GDP was 0.1% as of 31 December 2012 (source: CrNB and Croatian Bureau of Statistic). Croatia is expected to become an EU member state on 1 July 2013 upon successful completion of negotiations with the European Union.

### ***Serbia subsegment***

As of 31 March 2013, the Serbia subsegment recorded total loans and advances to customers of €575 million (as of 31 December 2012: €569 million) and total customer deposits of €597.9 million (as of 31 December 2012: €497.0 million) and generated pre-tax profit of €2.1 million in the three-month period ended 31 March 2013 (in the financial year ended 31 December 2012: €8.5 million).

Real GDP in Serbia grew by 1.0% and by 1.6% in 2010 and 2011, respectively, but declined by 1.9% in 2012 (source: Statistical Office of the Republic of Serbia). Over the same period, GDP per capita climbed from €3,800 at the end of 2010 to €4,300 at the end of 2011 and amounted to €4,170 at the end of 2012 (source: Statistical Office of the Republic of Serbia). After dropping to 6.1% growth in 2010, consumer price inflation rose to 7.0% in 2011 and stood at 10.3% in 2012 amid rising food and energy prices and placing Serbia significantly above its regional peers in terms of inflation (source: Statistical Office of the Republic of Serbia). Unemployment also climbed from 19.2% at the end of 2010 to 23.0% by the end of 2011 and reached 24.0% by the end of 2012 (source: Statistical Office of the Republic of Serbia). The government current account deficit as a share of GDP was 10.5% as of 31 December 2012 (source: Republic of Serbia Ministry of Finance and Economy and Statistical Office of the Republic of Serbia).

### ***Ukraine subsegment***

As of 31 March 2013, the Ukraine subsegment recorded total loans and advances to customers of €410 million (as of 31 December 2012: €426 million) and total customer deposits of €256.3 million (as of 31 December 2012: €274.0 million) and generated pre-tax loss of



€9.4 million in the three-month period ended 31 March 2013 (in the financial year ended 31 December 2012: pre-tax loss of €44.1 million). In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction occurred on 29 April 2013.

Real GDP in the Ukraine recovered after a steep decline in 2009, growing 4.2% in 2010, 5.2% in 2011 and stagnated in 2012 (source: State Statistics Service of Ukraine). From 2010 to 2011 and 2012, GDP per capita climbed from €2,200 at the end of 2010 to €2,750 at the end of 2011 and €2,800 at the end of 2012 with strong private consumption growth of 7.0% in 2010, 14.0% in 2011 and 9.0% in 2012 (source: State Statistics Service of Ukraine). Consumer price inflation continued to decline from 9.4% in 2010 to 8.0% in 2011 and 0.8% in 2012 (source: State Statistics Service of Ukraine). Unemployment, which stood at 8.1% at the end of 2010, slightly eased to 8.0% by the end of 2011 and 7.9% by the end of 2012 (source: State Statistics Service of Ukraine). The government current account deficit as a share of GDP was 8.6% as of 31 December 2012 (source: Ministry of Finance of Ukraine).

**Committed EU funds may not be released or further aid programmes may not be adopted by the EU.**

In addition to Greece, Ireland and Portugal, some of the CEE countries in which Erste Group operates, including Serbia and Romania, have been promised funds for infrastructure and other projects in substantial amounts by the EU and international credit institutions, including the European Bank for Reconstruction and Development ("EBRD"), the International Monetary Fund ("IMF") and the European Investment Bank ("EIB"). If these funds are not released, are released only in part or with delay, or if no further aid will be made available by the EU and the international credit institutions, the relevant national economies could be adversely affected, which would, in turn, negatively affect Erste Group's business in the respective countries.

**Loss of customer confidence in Erste Group's business or in banking businesses generally could result in unexpectedly high levels of customer deposit withdrawals, which could have a material adverse effect on the Group's results, financial condition and liquidity.**

The availability of Erste Group's customer deposits to fund its loan portfolio is subject to potential changes in certain factors outside Erste Group's control, such as a loss of confidence of depositors in either the economy in general, the financial services industry or Erste Group specifically, ratings downgrades and significant further deterioration in economic conditions. These factors could lead to a reduction in Erste Group's ability to access customer deposit funding on appropriate terms in the future and to sustained deposit outflows, both of which would adversely impact Erste Group's ability to fund its operations. Any loss in customer confidence in Erste Group's banking businesses, or in banking businesses generally, could significantly increase the amount of deposit withdrawals in a short period of time. Should Erste Group experience an unusually high level of withdrawals, this may have an adverse effect on Erste Group's results, financial condition and prospects and could, in extreme circumstances, prevent Erste Group from funding its operations. In such extreme circumstances Erste Group may not be in a position to continue to operate without additional funding support, which it may be unable to access.

**Liquidity problems experienced by certain CEE countries may adversely affect the broader CEE region and could negatively impact Erste Group's business results and financial condition.**

Certain countries where Erste Group has operations may encounter severe liquidity problems. In the past, Romania and Serbia have all turned to international institutions for assistance, and other countries in the CEE may be forced to do the same. If such liquidity problems should occur, this could have significant consequences throughout the region, including foreign banks withdrawing funds from their CEE subsidiaries, thereby weakening local economies and affecting customers of Erste Group who borrow from a number of different banks. This could also lead to an increase of defaults throughout the economy or by Erste Group customers and,



accordingly, could have a material adverse effect on Erste Group's business, financial condition and results of operation.

**Governments in countries in which Erste Group operates may react to financial and economic crises with increased protectionism, nationalisations or similar measures.**

Governments in countries in which Erste Group operates could take various protectionist measures to protect their national economies, currencies or fiscal income in response to financial and economic crises, including among other things:

- allow for loans denominated in foreign currencies like €, USD or CHF to be converted into local currencies at below market rates, such as occurred in Hungary in 2011, or allow loans to be assumed by government entities, potentially resulting in a reduction in value for such loans;
- set limitations on the repatriation of profits (either through payment of dividends to their parent companies or otherwise) or export of foreign currency;
- set out regulations limiting interest rates and fees for services that can be charged and other terms and conditions;
- prohibit money transfers abroad by banks receiving state support measures (e.g., loans granted to banks from sovereigns or covered by sovereign deposit guarantees);
- introduce or increase banking taxes or legislation imposing levies on financial transactions or income generated through banking services or extend such measures previously introduced on a temporary basis; and
- nationalisation of local banks, with or without compensation, in order to stabilise the banking sector and the economy.

Any of these or similar state actions could have a material adverse effect on Erste Group's business, financial condition and results of operations.

**Erste Group may be adversely affected by slower growth or recession in the banking sector in which it operates as well as slower expansion of the Eurozone and the EU.**

Banking sector growth in the countries in which Erste Group operates has significantly declined compared to years prior to 2008. As the economies in Central and Eastern Europe mature, particularly in the Czech Republic and Slovakia, growth in the banking sector can be expected to slow further in these regions. Of the countries in which Erste Group has significant operations, the Czech Republic, Hungary and Slovakia joined the EU in 2004; Romania joined in 2007, and Croatia is expected to join the EU on 1 July 2013. Economic growth in the region may be further constrained in coming years by continuing effects of the recent credit crisis and recession, as well as a slowing expansion of the Eurozone and the EU and increasing constraints on the EU budget, which may reduce various subsidies to CEE countries. In addition, EU legal, fiscal and monetary regulations may limit a country's ability to respond to local economic conditions. Moreover, some of these countries are expected to raise tax rates and levies to EU standards or introduce new taxes in order to provide social protection for unemployed workers and others affected by the economic downturn and to put public sector finance on a more sustainable basis, which could also limit their growth rates.

**The legal systems and procedural safeguards in many CEE countries and, in particular, in the Eastern European countries are not yet fully developed.**

The legal and judicial systems in some of the markets where Erste Group operates are less developed than those of other European countries. Commercial law, competition law, securities law, company law, bankruptcy law and other areas of law in these countries have been and continue to be subject to constant changes as new laws are being adopted in order to keep pace with the transition to market economies. In this regard, the laws of some of the jurisdictions where Erste Group operates may not be as favourable to investors' interests as the

laws of Western European countries or other jurisdictions with which prospective investors may be familiar. Existing laws and regulations in some countries in which Erste Group operates may be applied inconsistently or may be interpreted in a manner that is restrictive and non-commercial. It may not be possible, in certain circumstances, to obtain legal remedies in a timely manner in these countries. The relatively limited experience of a significant number of judges and magistrates practicing in these markets, particularly with regard to securities laws issues, and the existence of a number of issues relating to the independence of the judiciary may lead to unfounded decisions or to decisions based on considerations that are not founded in the law. In addition, resolving cases in the judicial systems of some of the markets where Erste Group operates may at times involve very considerable delays. This lack of legal certainty and the inability to obtain effective legal remedies in a timely manner may adversely affect Erste Group's business.

**Applicable bankruptcy laws and other laws and regulations governing creditors' rights in various CEE countries may limit Erste Group's ability to obtain payments on defaulted loans and advances.**

Bankruptcy laws and other laws and regulations governing creditors' rights vary significantly among countries in the CEE. In some countries, the laws offer significantly less protection for creditors than the bankruptcy regimes in Western Europe. In addition, it is often difficult to locate all of the assets of an insolvent debtor in CEE countries. Erste Group's local subsidiaries have at times had substantial difficulties receiving payouts on claims related to, or foreclosing on collateral that secures, extensions of credit that they have made to entities that have subsequently filed for bankruptcy protection. In the event of further economic downturns, these problems could intensify, including as a result of changes in law or regulations intended to limit the impact of economic downturns on corporate and retail borrowers. These problems, if they were to persist or intensify, may have an adverse effect on Erste Group's business, results of operations and financial condition.

**Erste Group may be required to participate in, or finance governmental support programmes for, credit institutions or finance governmental budget consolidation programmes, including through the introduction of banking taxes and other levies.**

If a major bank or other financial institution in Austria or the CEE markets where Erste Group has significant operations were to suffer significant liquidity problems, risk defaulting on its obligations or otherwise potentially risk declaring bankruptcy, the local government might require Erste Group Bank or a member of Erste Group to provide funding or other guarantees to ensure the continued existence of such institution. This might require Erste Group Bank or one of its affiliates to allocate resources to such assistance rather than using such resources to promote other business activities that may be financially more productive, which could have an adverse effect on Erste Group's business, financial condition or results of operations. For example, in January 2011 Austria introduced a banking tax to support financial market stability and secure the long-term health of Austrian banks. In 2011 and 2012, the Austrian banking tax to be paid by Erste Group amounted to €132.1 million and €165.2 million, respectively. In Slovakia, a banking tax was newly introduced in 2012 and resulted in a charge of €31.5 million for 2012. In Hungary, the banking tax amounted to €47.3 million in 2012, while in 2011 it was offset against losses resulting from legislation in Hungary allowing for the early repayment of foreign currency loans at non-market rates. In the three-month period ended 31 March 2013, banking taxes in Austria, Slovakia and Hungary amounted to a total of €71.6 million. Other countries may introduce such taxes as well. In addition, the European Commission has proposed to introduce a EU financial transaction tax within the EU by 2014, and EU member states have agreed that such financial transaction tax may be introduced only by certain EU member states, including Austria, Slovakia and Hungary, rather than throughout the EU in a uniform manner. In June 2013, the Hungarian government announced its plans to increase the existing financial transaction tax applicable to cash and non-cash financial transactions and to impose an additional one-off tax on banks that will be linked to financial transaction tax obligations

during the first four months of 2013. Such requirements, taxes or other measures could have a material adverse effect on Erste Group's results of operations and financial condition.

## **Risks related to the Combined Offering and the New Shares**

**If Erste Group Bank is not able to realise net proceeds from the Combined Offering of approximately €630 million, the contemplated redemption of the Participation Capital Securities may not be implemented in accordance with the envisaged schedule or at all.**

If Erste Group Bank is not able to realise net proceeds of the Combined Offering of approximately €630 million, it may not implement the contemplated redemption of the Participation Capital Securities in accordance with the envisaged schedule. Therefore, the targeted increase of Erste Group Bank's ability to strengthen its capital ratios by realising savings in dividend payments on the Participation Capital Securities from the targeted redemption date in the course of 2013 onwards would not be achieved at all or not to the full extent. Depending, among other things, on the annual profits of Erste Group Bank as stated in its unconsolidated financial statements after allocation to reserves and subject to certain limitations, the Participation Capital Securities entitle their holders to annual dividend payments. The dividend rate currently amounts to 8.0% *per annum* and is subject to annual step-ups beginning in 2014. For each of the financial years ending 31 December 2014 and 2015, the step-ups amount to 0.5 percentage points, respectively. For the financial year ending 31 December 2016, the dividend rate increases by 0.75 percentage points and for the financial years from 1 January 2017, the dividend step-ups amount to one percentage point *per annum* each year, provided that the annual dividend must never exceed 12-Month-EURIBOR plus ten percentage points *per annum*.

Assuming that all conditions for a distribution of dividends to holders of Participation Capital Securities are met, in particular sufficient annual profits for each given financial year are available, dividend payments on the Participation Capital Securities would amount to €149 million and €158 million for the financial years ending 31 December 2014 and 2015, respectively, in each case net of tax, with even higher payment amounts due in subsequent years. Since any dividend payment to holders of Participation Capital Securities is required to be made prior to the distribution of a dividend to shareholders of Erste Group Bank, the existence of outstanding Participation Capital Securities would aggravate Erste Group Bank's ability to pay dividends to its shareholders.

In addition, in case of a liquidation of Erste Group Bank, holders of the outstanding Participation Capital Securities would have a right to a share in the liquidation proceeds. The Participation Capital Securities' share of the liquidation proceeds would depend on the relation of the Participation Capital Securities to shares in Erste Group Bank (and other capital ranking *pari passu* with the Participation Capital Securities in liquidation, if any). Therefore, any liquidation proceeds would be shared *pari passu* between the shareholders of Erste Group Bank and the holders of the outstanding Participation Capital Securities and the risk exists that the shareholders in case of Erste Group Bank's liquidation would receive only a very small share of liquidation proceeds (or none at all).

**Shareholders who elect not to participate in the Combined Offering will suffer dilution of their holdings in Erste Group Bank.**

Subscription Rights that are not exercised within the Subscription Period will lapse with no value and the holder thereof will be entitled to no compensation. If, e.g., a holder of Subscription Rights or its financial intermediary fails to follow the procedures applicable to exercising the Subscription Rights, the Subscription Rights will lapse with no value and will no longer exist. Accordingly, holders of Subscription Rights and financial intermediaries must ensure that all required exercise instructions are duly complied with. Shareholders who hold their Existing Shares through one or more custodians or other intermediaries may have difficulty exercising or transferring their Subscription Rights in a timely manner or at all, if such custodians or intermediaries impose their own notice periods for exercise or transfer or do not

provide information or instructions promptly to such Shareholders or to their counterparties. Furthermore, due to restrictions in other jurisdictions than Austria, the Czech Republic and Romania, Shareholders in these other jurisdictions, including the United States, may not be able to participate in the Combined Offering. In addition, Shareholders may not be able to participate in the Combined Offering if they do not have the funds necessary to subscribe for the New Shares. See also "*Certain Shareholders may not be able to participate in future equity offerings of Erste Group Bank.*" To the extent that Shareholders do not exercise their Subscription Rights, or exercise such Subscription Rights only partially, such Shareholders' proportional ownership and voting interest in Erste Group Bank will be reduced accordingly.

**The price of the Shares could be volatile due to a wide range of factors, many of which are beyond Erste Group Bank's control.**

The price of Erste Group Bank's Shares has historically been highly volatile. Following the Combined Offering, the trading price of the Shares could be subject to considerable volatility due, in particular, to variations in Erste Group Bank's actual or projected operating results, changes in projected earnings, a failure to meet the earnings expectations of research analysts, changes in general economic conditions and inflation rates, the lack of, or excess demand for, the Shares, legislative and regulatory developments affecting Erste Group's business, or other factors. General volatility in stock prices as a whole, or of banks or financial institutions in general, could also put pressure on the market price of the Shares, without there being a direct connection with the business activities of the Erste Group, its financial condition and results of operations or its business outlook. Shareholders are therefore exposed to the risk of a decrease of the market value of the Shares which materialises if they sell the Shares.

**Future sales or distributions of Erste Group Bank shares by its major Shareholders could depress the market price of the New Shares.**

After completion of this Combined Offering and, in the case of Erste Stiftung, the end of the lock-up period of 90 days, Erste Stiftung or any other major Shareholder may sell all or a portion of the Shares that they own. If Erste Stiftung, CaixaBank, S.A. or any other major Shareholder were to sell a considerable number of Shares, Erste Group Bank's share price could fall. None of the major Shareholders is under any contractual obligation to maintain its share ownership, and accordingly, there can be no assurances that Erste Stiftung, CaixaBank, S.A. or any other major Shareholder will maintain its current ownership in Erste Group Bank following the Combined Offering and, in the case of Erste Stiftung, the end of the lock-up period.

**There can be no guarantee that trading in the Subscription Rights will occur or if trading does occur, that the price of the Subscription Rights will not be subject to higher fluctuations than that of the Shares.**

Erste Group Bank will apply for an admission to trading of the Subscription Rights on the Vienna Stock Exchange for the period starting on or about 9 July 2013 and ending on or about 11 July 2013. However, it can neither be guaranteed that active trading in Subscription Rights will take place during this period nor that sufficient liquidity will be available in Subscription Rights trading during this period. In an illiquid market, a holder of Subscription Rights might not be able to sell its Subscription Rights at any time at fair market prices. Furthermore, the market price of the Subscription Rights is in part dependent on the performance of Erste Group Bank's share price; it cannot, however, be ruled out that the market price of the Subscription Rights may be subject to higher fluctuations than the market price of the Shares. In addition, if the price of the Shares falls during the Subscription Period, the Subscription Rights would decline in value or become worthless.

**In case of failure to exercise or sell Subscription Rights, they will lapse without compensation.**

If Shareholders or holders of Subscription Rights fail to duly exercise or sell their Subscription Rights prior to the end of the Subscription Period, the Subscription Rights will expire and become null and void and such Shareholders or holders of Subscription Rights will receive no compensation for them irrespective of any value the Subscription Rights may have had.

**Erste Group Bank's ability to pay dividends on the Shares will depend on the availability of distributable profits and may not occur even if such profits were available.**

Erste Group Bank's ability to pay dividends on the Shares is influenced by a number of factors, primarily Erste Group Bank's ability to receive sufficient dividends from its subsidiaries. The payment of dividends to Erste Group Bank by its subsidiaries is, in turn, subject to restrictions including regulatory requirements and the existence of sufficient distributable reserves and cash held in Erste Group Bank's subsidiaries. The ability of these subsidiaries to pay dividends and, thus the level of distributions Erste Group Bank receives from its investments in other entities, are subject to applicable local laws and regulatory requirements (in particular, capital adequacy requirements) and other restrictions, including, but not limited to, applicable tax laws. These laws and restrictions could limit the payment of future dividends and distributions to the Issuer by its subsidiaries, which could restrict Erste Group Bank's ability to fund other operations or to pay a dividend to its Shareholders.

Furthermore, Erste Group Bank may decide in the future to issue financial instruments entitled to receive remuneration payments that rank senior to dividends payable on the Shares. In this case, the remuneration paid on such instruments would decrease Erste Group Bank's distributable profit and, accordingly, the amount of funds available to make dividend payments on the Shares. Therefore, to the extent Erste Group Bank's distributable profits are insufficient to pay both the dividend on the Shares and the dividend on the other senior securities, the dividend on such other senior securities will be paid first and the shareholders may receive only a reduced dividend or no dividend at all.

Moreover, even if sufficient distributable profits are available to Erste Group Bank, it is not required to make payments of dividends on the Shares, e.g., if the Management Board or the Supervisory Board decides not to propose a dividend payment to the Shareholders' Meeting or the Shareholders' Meeting does not resolve upon a dividend payment for a given year. Therefore, there can be no assurances that dividend payments on the Shares will be made at any time.

**The right of Shareholders to receive dividend payments is structurally or effectively subordinated to claims of existing and future creditors of Erste Group Bank's subsidiaries.**

The right of Shareholders to receive dividend payments is structurally subordinated to existing and future obligations of Erste Group Bank's subsidiaries. Shareholders do not have any claims as creditors against any of Erste Group Bank's subsidiaries. Generally, indebtedness and other liabilities, including trade payables, whether secured or unsecured, will be effectively senior to the claims of Erste Group Bank against its subsidiaries. In the event of an insolvency, liquidation or other reorganisation of any of Erste Group Bank's subsidiaries, holders of their debt and their creditors will typically be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Erste Group Bank as common equity holder to be then, potentially, distributed among the Shareholders.

**Shareholders are subject to the risk of detrimental changes of foreign exchange rates and adverse tax consequences.**

Erste Group Bank's share capital is denominated in Euro and all dividend payments on the Shares, if any, are payable in Euro. Therefore, every holder of Shares outside the Eurozone is subject to the risk that following detrimental changes of the exchange rate between the Euro and such holder's home currency because of economic, political and other factors over which Erste Group Bank has no control, the effective value of dividend distributions and profits realised upon the sale of Shares, if any, may be lower than expected. In addition, such investors could incur additional costs in converting Euro into another currency. There is furthermore a risk that authorities with jurisdiction over the currency in which a Shareholder's financial activities are denominated, may impose or modify exchange controls with the effect that holders may receive less dividend than expected. Furthermore, dividend payments on the Shares, if any, or profits realised by its holders upon the sale of Shares, may be subject to



taxation in such holder's home jurisdiction or in other jurisdictions in which it is required to pay taxes, further reducing the effective yield of the investment in the Shares.

**Rights of shareholders in an Austrian corporation may differ from rights of shareholders in a corporation organised in another jurisdiction.**

Erste Group Bank is a stock corporation organised under the laws of Austria. The rights of the Shareholders are governed by the Articles of Association and by Austrian law. These rights may differ in some respects from the rights of shareholders in corporations organised in jurisdictions other than Austria. In addition, it may be difficult for investors to enforce the securities laws of other jurisdictions, or to prevail in a claim against the Erste Group Bank based on those laws. Furthermore, no assurances can be given as to the impact of any possible future judicial decisions or changes to Austrian laws (or laws applicable in Austria), or administrative practice.

**A suspension of trading in the Shares could adversely affect the share price.**

The FMA is authorised to suspend or request the relevant regulated market on which securities are admitted to trading to suspend such securities from trading, if, in its opinion, the respective issuer's situation is such that continued trading would be detrimental to the investors' interest. The FMA is further authorised to instruct the Vienna Stock Exchange to suspend trading in an issuer's securities in connection with measures taken against market manipulation and insider trading. The Vienna Stock Exchange must suspend trading in securities which no longer comply with the rules of the regulated market unless such step would likely cause significant damage to investors' interests or the orderly functioning of the market. If the Vienna Stock Exchange does not do so, the FMA could demand the suspension of trading in securities if it is in the interest of the orderly functioning of the market and does not impair investors' interests.

The conditions for suspension and termination of trading on the Prague Stock Exchange are regulated separately for each investment instrument. Moreover, there are special rules for suspension of trading on the Prague Stock Exchange. No trades can be concluded during the suspension period. With regard to shares, the Prague Stock Exchange Chief Executive may decide on their suspension or exclusion from trading in case of the issuer's dissolution or winding-up with liquidation or when a resolution with the same or similar effect has been adopted. The Chief Executive is further authorised to suspend trading in shares on the relevant market if the issuer or the issuers have ceased to satisfy conditions established by generally binding legislation, the Prague Stock Exchange's rules or for other extraordinary reasons (e.g., a decision of the Czech National Bank as regulatory body, existence of a so-called special operation, such as change of form of shares or in case of such circumstances that can influence the price creation or development of prices on the relevant market in a detrimental way or other market failures).

The NSC may suspend part or all transactions in financial instruments if the legal requirements are not met or an orderly market cannot be maintained and the investors' interests could be affected. The Bucharest Stock Exchange suspends the trading of financial instruments if NSC considers that the issuer's situation is such that trading would be detrimental to investors. Moreover, the Bucharest Stock Exchange may decide to suspend the trading of financial instruments in order to facilitate the registration of changes of the nature or number of financial instruments admitted to trading, for maintaining an orderly market and ensuring equal access to information necessary for the decision to invest or if the issuer fails to comply with the conditions for the instruments to be maintained in trading. The trading of financial instruments may also be suspended under exceptional circumstances, at the request of the issuer and solely in order to prevent the use of information before it becomes public in accordance with the legal provisions in force. The Bucharest Stock Exchange must communicate to the NSC in case it decides to suspend the transactions regarding certain securities.

Any suspension of trading in the Shares on the Vienna Stock Exchange, the Prague Stock Exchange or the Bucharest Stock Exchange could adversely affect the share price.



**Certain Shareholders may not be able to participate in future equity offerings of Erste Group Bank.**

Austrian law generally provides for subscription rights for Shares issued in a capital increase to be granted to the existing Shareholders of Erste Group Bank, in proportion to their shareholdings. Shareholders in other jurisdictions, including the United States, however, may not be entitled to exercise such subscription rights unless the subscription rights or the related Shares are registered or qualified for sale under the relevant legislation or regulatory framework. Shareholders in these jurisdictions may suffer dilution of their shareholding should they not be permitted to participate in equity offerings with subscription rights. In addition, shareholders may not be able to participate in potential future equity offerings if they do not have the funds necessary to subscribe for new Shares or if subscription rights are excluded. This could result in dilution of those shareholders' proportionate interests in Erste Group Bank. See "*—Shareholders who elect not to participate in the Combined Offering will suffer dilution of their holdings in Erste Group Bank.*" Open-market purchases to counteract such dilution could be on terms less favourable than those offered to other shareholders in connection with the equity offering.

**U.S. Foreign Account Tax Compliance Act Withholding may affect payments on the New Shares.**

Sections 1471 through 1474 of the U.S. Internal Revenue Code (such provisions commonly known as "FATCA") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a "foreign financial institution", or "FFI" (as defined by FATCA)) that (i) does not become a "Participating FFI" by entering into an agreement with the U.S. Treasury Department to provide certain information in respect of its account holders and (ii) is not otherwise exempt from or in deemed-compliance with FATCA. The new withholding regime will be phased in beginning in 2014 for payments received from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 2017.

The United States and a number of potential partner countries have announced their intention to enter into intergovernmental agreements to facilitate the implementation of FATCA (each, an "IGA"). Pursuant to an IGA, an FFI in an IGA signatory country may be treated as a "Reporting FI" not subject to FATCA withholding on any payments it receives. A Reporting FI would be required to report certain information in respect of its account holders to its home government. As of the date of this Prospectus, Austria is not an IGA signatory country.

If Erste Group Bank does not become a Participating FFI or a Reporting FI, and is not treated as otherwise exempt from or in deemed-compliance with FATCA, Erste Group Bank may be subject to FATCA withholding on payments received from U.S. sources, Participating FFIs, and, potentially, Reporting FIs. Any such withholding imposed on payments received by the Erste Group Bank may have a material adverse effect on the Erste Group Bank's business, prospects, results of operations and financial position. Erste Group Bank intends to become a Participating FFI, until such time, if ever, that it qualifies as a Reporting FI.

If Erste Group Bank becomes a Participating FFI or a Reporting FI, it may be required to apply FATCA withholding on foreign passthru payments (yet to be defined) it makes to holders of New Shares that are not compliant with FATCA or that do not provide the necessary information, consents or documentation. If an amount in respect of FATCA withholding were to be deducted or withheld on any payments made by the Erste Group Bank, neither the Erste Group Bank nor any other person will pay additional amounts as a result of the deduction or withholding of such tax. If any FATCA withholding is imposed on payments made with respect to the New Shares, a beneficial owner of any such New Shares, may be able to obtain a refund if certain conditions are met.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the model IGA, all of which

are subject to change and may be implemented in a materially different form. Prospective investors should consult their tax advisors regarding the application of FATCA to the Erste Group Bank and to payments they may receive in connection with the New Shares.

**The Underwriting Agreement between Erste Group Bank and the Managers is subject to customary terms and conditions.**

The New Shares are underwritten on the basis of the Underwriting Agreement, from which the Joint Global Coordinators and Joint Bookrunners may withdraw under certain circumstances, in particular upon the occurrence of events of *force majeure*. If this Underwriting Agreement is terminated prior to registration of the implementation of the capital increase underlying the Combined Offering with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*), the Combined Offering will not take place and the Subscription Rights will no longer exist or become worthless. Under such circumstances Offerees will not be entitled to delivery of New Shares. However, if the underwriting agreement is terminated after the registration of the capital increase underlying the Combined Offering with the Austrian companies register at the Vienna Commercial Court, or at a time when the registration of the capital increase cannot be prevented, delivery of the New Shares is reserved. Claims with regard to already paid securities commissions and costs incurred in connection with the Combined Offering by an Offeree will be determined solely on the basis of the legal relationship between the Offeree and the institution to which it submitted its offer to purchase, or to subscribe for, New Shares. Furthermore, any Offerees engaging in so-called short selling transactions bear the risk of being unable to meet their obligation to deliver New Shares since the short selling transaction will not be reversed by the agent brokering it. Offerees who have engaged in a short selling transaction would accordingly sustain a loss which would be not refunded by Erste Group Bank or the Managers. To the extent that the Joint Global Coordinators and Joint Bookrunners withdraw from the Underwriting Agreement following the registration of the implementation of the capital increase underlying the Combined Offering with the Austrian companies register (*Firmenbuch*), the Subscription Offerees who exercised their Subscription Rights may acquire the New Shares at the Final Subscription and Offer Price.

**The purchase of New Shares in the Institutional Pre-Placement is partially subject to claw-back and deferred settlement.**

The purchase of a certain percentage of New Shares offered in the Institutional Pre-Placement is subject to claw-back and deferred settlement. This means that delivery, if any, of the New Shares purchased subject to claw-back and deferred settlement will be made only after the end of the Subscription Period for the Subscription Offering, concurrently with the delivery of New Shares which were subscribed for in the Subscription Offering.

To the extent that the number of New Shares purchased in the Institutional Pre-Placement, and subject to claw-back, exceeds the aggregate number of New Shares subscribed for in the Subscription Offering, the claw-back will be exercised *vis-à-vis* each Institutional Investor with respect to the claw-back shares. The purchases of the New Shares subject to claw-back will be cancelled *pro rata* in accordance with the ratio by which the number of the claw-back shares exceeds the number of New Shares subscribed for in the Subscription Offering.

# The Combined Offering

## Subject matter of the Combined Offering

The subject matter of the Combined Offering is up to 83,897,737 New Shares (which represents the full amount of the underlying authorised capital and only up to a corresponding value of approximately €660 million of targeted gross proceeds), which will be newly issued by Erste Group Bank from its authorised capital. As is the case with the Existing Shares, the New Shares will be no-par value voting bearer shares (ordinary shares), with a notional amount of €2.00 per share in the share capital of Erste Group Bank.

The Combined Offering consists of: (i) the Subscription Offering, which is a subscription offering of the New Shares to existing Shareholders; and (ii) the Institutional Pre-Placement, which is an offering to purchase the New Shares to be made to selected qualified institutional investors prior to the commencement of the Subscription Offering. The Institutional Pre-Placement is partially subject to a claw-back and deferred settlement in order to ensure that the New Shares attributable to Subscription Rights that were not waived by certain Shareholders (as described below) are available for subscription by the Shareholders in the Subscription Offering. The Combined Offering will be conducted: (i) in the United States in private placements to QIBs in reliance on Rule 144A under the Securities Act; and (ii) in private placements outside of the United States to selected qualified institutional investors. In addition, the Subscription Offering will include public offerings in Austria, the Czech Republic and Romania. The Combined Offering outside the United States will be made in compliance with Regulation S under the Securities Act.

Certain Shareholders, including Erste Stiftung, Sparkassen Beteiligungs GmbH & Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks (the "Waiving Shareholders"), have waived all or part of their Subscription Rights (the "Waived Subscription Rights"). Furthermore, in order to facilitate the Combined Offering, Erste Stiftung has entered into an agreement with J.P. Morgan and Morgan Stanley granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price. Erste Group Bank will not receive any proceeds from the sale of such shares, if the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) exercise the option. Pursuant to a related agreement between Erste Group Bank and Erste Stiftung, Erste Group Bank agreed to pay Erste Stiftung a commitment fee in the amount of €3.3 million as consideration for the option granted by Erste Stiftung. Based on the most recent voting rights notification of Erste Stiftung received on 28 June 2013 and assuming that (i) 32,179,425 New Shares will be issued in the Combined Offering (assuming the issue of New Shares at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013, and targeted gross proceeds of the Combined Offering of €660 million) and (ii) Erste Stiftung, Sparkassen Beteiligungs GmbH & Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks will, to the extent previously waived, not exercise their Subscription Rights, 24.41% of the voting rights in Erste Group Bank will be attributable to Erste Stiftung following the completion of the Combined Offering (not taking into account the subscription of New Shares in the Subscription Offering by shareholders whose shares would be attributed to the Erste Stiftung). If the aforementioned option right is exercised in part or in full by J.P. Morgan and Morgan Stanley, the percentage of the voting rights in Erste Group Bank attributable to Erste Stiftung would further decrease.

No action has been or will be taken in any jurisdiction other than Austria, the Czech Republic and Romania that would permit a public offering of any of the New Shares. Investors, Shareholders and depositary banks should inform themselves of applicable laws and regulations.

The Combined Offering will be subject to the Underwriting Agreement concluded among Erste Group Bank and J.P. Morgan and Morgan Stanley on behalf of the Managers, see “*Plan of distribution—Underwriting*”. Pursuant to the Underwriting Agreement, the Combined Offering will be subject to conditions, including the registration of the implementation of the capital increase underlying the Combined Offering with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*), which is expected to take place on or about 4 July 2013, and the execution of a pricing agreement, which is expected to take place immediately after the end of the Pre-Placement Period on or about 2 July 2013. Under certain circumstances, including the termination of the Underwriting Agreement, the Combined Offering may be cancelled, see “—*Termination or extension of Combined Offering*” and “*Plan of distribution—Termination of the Underwriting Agreement*”.

## Timetable for the Combined Offering

The anticipated timetable for the Combined Offering is as follows:

---

1 July 2013 . . .	<p>Approval of the Prospectus by the Austrian Financial Markets Authority (<i>Finanzmarktaufsichtsbehörde</i>) (FMA)</p> <p>Publication of the Prospectus in Austria in electronic form on Erste Group Bank’s website (<a href="http://www.erstegroup.com">www.erstegroup.com</a>) and by making available printed copies of the Prospectus and the documents incorporated by reference in the Prospectus free of charge during regular business hours at the following address of Erste Group Bank: Graben 21, 1010 Vienna, Austria</p> <p>Submission of the application for the Share Admission</p> <p>Start of Pre-Placement Period and book-building for Institutional Pre-Placement</p>
2 July 2013 . . .	<p>Notification of the approved Prospectus to the competent authorities in the Czech Republic (the CNB) and Romania (the NSC)</p> <p>Publication of the Prospectus in the Czech Republic and Romania in electronic form on Erste Group Bank’s website (<a href="http://www.erstegroup.com">www.erstegroup.com</a>)</p> <p>End of Pre-Placement Period and book-building for Institutional Pre-Placement</p> <p>Filing of the Prospectus with the Filing Office (<i>Meldestelle</i>) at OeKB</p> <p>Pricing</p> <p>Announcement of the results of the Institutional Pre-Placement, the Final Subscription and Offer Price, the final number of New Shares and the Subscription Ratio to be issued by way of an ad-hoc announcement, via electronic media and on Erste Group Bank’s website (<a href="http://www.erstegroup.com">www.erstegroup.com</a>)</p> <p>Account entry of the subscription rights of the shareholders of Erste Group Bank as of 2 July 2013, 24:00 hours (midnight) CEST</p>
3 July 2013 . . .	<p>Deposition (<i>Hinterlegung</i>) of the Final Subscription and Offer Price, the final number of New Shares and the Subscription Ratio with the FMA</p> <p>Publication of the subscription notice related to the Subscription Offering in the official gazette section of the <i>Wiener Zeitung</i> (<i>Amtsblatt zur Wiener Zeitung</i>) and in electronic form on Erste Group Bank’s website (<a href="http://www.erstegroup.com">www.erstegroup.com</a>)</p> <p>Publication of a notice relating to the publication of the Prospectus in the official gazette section of the <i>Wiener Zeitung</i> (<i>Amtsblatt zur Wiener Zeitung</i>)</p>

	Filing for the registration of the implementation of the capital increase with the Austrian companies register ( <i>Firmenbuch</i> ) at the Vienna Commercial Court ( <i>Handelsgericht Wien</i> )
	Commencement of the Subscription Period and trading of the Existing Shares "ex subscription rights"
4 July 2013 . . .	Registration of the implementation of the capital increase with the Austrian companies register ( <i>Firmenbuch</i> ) at the Vienna Commercial Court ( <i>Handelsgericht Wien</i> )
	Expected Share Admission
5 July 2013 . . .	Expected book-entry delivery of the New Shares purchased in the Institutional Pre-Placement, which are attributable to the Waived Subscription Rights or shares underlying the agreement entered into among Erste Stiftung, J.P. Morgan and Morgan Stanley granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price. Such delivery will be made against payment of the Final Subscription and Offer Price per acquired New Share
	Inclusion of the New Shares in the quotation of the Existing Shares on each of (i) the Official Market ( <i>Amtlicher Handel</i> ) of the Vienna Stock Exchange and (ii) the International Shares Category of the Bucharest Stock Exchange
8 July 2013 . . .	Inclusion of the New Shares in the quotation of the Existing Shares on the Prime Market of the Prague Stock Exchange
9 July 2013 . . .	Beginning of trading in Subscription Rights
11 July 2013 . .	End of trading in Subscription Rights
17 July 2013 . .	End of the Subscription Period
18 July 2013 . .	Announcement of the results of the Subscription Offering on Erste Group Bank's website ( <a href="http://www.erstegroup.com">www.erstegroup.com</a> )
23 July 2013 . .	Expected book-entry delivery of New Shares which were (i) subscribed for in the Subscription Offering, and (ii) purchased by Institutional Investors in the Institutional Pre-Placement but not yet delivered, and for which no claw-back has been exercised, in each case against payment of the Final Subscription and Offer Price per acquired New Share

---

### **Offer Price, Subscription Price, Subscription Ratio and maximum number of New Shares**

Prior to the commencement of the Pre-Placement Period on or about 1 July 2013 and the Subscription Period on or about 3 July 2013, the Management Board, with the approval of the Supervisory Board by resolution dated 1 July 2013, has determined by resolution dated 28 June 2013 that the Offer Price and the Subscription Price will be identical and has set the Maximum Subscription and Offer Price at €25.00 per New Share and the maximum number of New Shares to be issued in the Combined Offering at 83,897,737 (which represents the full amount of the underlying authorised capital and only up to a corresponding value of approximately €660 million of targeted gross proceeds). The Management Board is authorised to determine, with the approval of the executive committee (*Exekutivausschuss*) of the Supervisory Board, in one or more resolutions the Final Subscription and Offer Price, the final number of New Shares to be issued in the Combined Offering and the Subscription Ratio for the Subscription Offering. See also "*Description of the share capital and applicable regulations—Authorised capital*".



The Management Board's resolution relating to the Final Subscription and Offer Price, the final number of New Shares to be issued in the Combined Offering and the Subscription Ratio for the Subscription Offering is expected to be adopted after expiration of the Pre-Placement Period relating to the Institutional Pre-Placement on or about 2 July 2013. The Institutional Pre-Placement will take the form of an accelerated book-building process and the Final Subscription and Offer Price will be determined on the basis of the order book established in this accelerated book-building process taking into consideration the market price of the Existing Shares on the Vienna Stock Exchange prevailing at the time of pricing, expected to be on or about 2 July 2013. The Final Subscription and Offer Price will be set at or below the Maximum Subscription and Offer Price. The final number of New Shares offered in the Combined Offering will be determined taking into consideration the targeted net proceeds of the Combined Offering of approximately €630 million and the Final Subscription and Offer Price. If the targeted net proceeds can be realised by issuing fewer than 83,897,737 New Shares, which is the upper limit of the Combined Offering, Erste Group Bank may, in its sole discretion, decide to issue fewer than 83,897,737 New Shares. The Subscription Ratio will be calculated based on the ratio of the final number of New Shares and the number of the Existing Shares.

The Final Subscription and Offer Price, the final number of New Shares offered in the Combined Offering and the Subscription Ratio will be announced and published, among other things, by way of an ad-hoc announcement, via electronic media and on Erste Group Bank's website ([www.erstegroup.com](http://www.erstegroup.com)) on or about 2 July 2013. The Final Subscription and Offer Price, the final number of New Shares offered in the Combined Offering and the Subscription Ratio will also be announced on websites in the Czech Republic and Romania on or about 2 July 2013 and deposited with the FMA according to Section 7 (5) Capital Markets Act on or about 3 July 2013.

### **Institutional Pre-Placement**

Up to 83,897,737 New Shares (which represents the full amount of the underlying authorised capital and only up to a corresponding value of approximately €660 million of targeted gross proceeds) will be offered for sale in the Institutional Pre-Placement. The final number of New Shares available for sale in the Institutional Pre-Placement and the Final Subscription and Offer Price which will be set at or below the Maximum Subscription and Offer Price will be determined on the basis of the accelerated book-building process performed for purposes of the Institutional Pre-Placement. See also "*—Offer Price, Subscription Price, Subscription Ratio and maximum number of New Shares*".

### **Pre-Placement Period**

The Pre-Placement Period during which Institutional Investors may offer to purchase New Shares in the Institutional Pre-Placement is expected to run from 1 July until 2 July 2013.

### **Claw-back and deferred settlement**

Purchasers of New Shares in the Institutional Pre-Placement will be informed that with respect to a percentage of New Shares equal to the ratio of New Shares not attributable to the Waived Subscription Rights (the "Freefloat Subscription Shares") and the total number of New Shares offered in the Institutional Pre-Placement, their purchase is subject to claw-back and deferred settlement. J.P. Morgan and Morgan Stanley have entered into an option agreement with Erste Stiftung granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price in case that subscription of the Freefloat Subscription Shares exceeds a certain threshold and additional shares at the time of settlement of the New Shares subject to claw-back and deferred settlement as required. This means that delivery, if any, of the Shares purchased subject to claw-back and deferred settlement will be made only after the end of the



Subscription Period for the Subscription Offering, concurrently with the delivery of New Shares subscribed for in the Subscription Offering. Delivery will be made from the Freefloat Subscription Shares not subscribed for in the Subscription Offering. To the extent that the number of New Shares purchased in the Institutional Pre-Placement that are subject to claw-back (the "Claw-Back Shares") exceeds the aggregate number of the Freefloat Subscription Shares not subscribed for in the Subscription Offering, the claw-back will be exercised *vis-à-vis* each Institutional Investor with respect to the Claw-Back Shares purchased by such Institutional Investor and such purchases will be cancelled *pro rata* in accordance with the ratio of the total number of the Freefloat Subscription Shares subscribed for in the Subscription Offering and the total number of Claw-Back Shares.

### **Submission of purchase orders and allotment**

Subject to availability and the claw-back described under "*Claw-back and deferred settlement*" above, there will be no minimum and no maximum number of New Shares for which purchase orders may be submitted by Institutional Investors in the Institutional Pre-Placement, whether expressed as a number of New Shares or an amount in Euro. Multiple purchase orders will be accepted.

Institutional Investors may withdraw any purchase order placed in the Institutional Pre-Placement until the end of the Pre-Placement Period.

Institutional Investors seeking to purchase New Shares in the Institutional Pre-Placement are advised to contact their bank, broker or other financial adviser for further details regarding the manner in which purchase orders for New Shares are to be processed. In case of invalid purchase orders for New Shares in the Institutional Pre-Placement, all claims for repayment of amounts paid by Institutional Investors and for reimbursement of the Institutional Investors' costs in connection with the Institutional Pre-Placement will be resolved according to the terms of the contractual arrangement between the Institutional Investors and the financial institutions that processed such Institutional Investor's purchase orders.

Purchase orders will be considered only if they are placed at a price equal to, or higher than, the Final Subscription and Offer Price. The amount of New Shares, if any, allocated to an Institutional Investor will be determined in the absolute discretion of Erste Group Bank and Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank). Erste Group Bank and the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) reserve the right to reject any purchase order in whole or in part. Institutional Investors are, therefore, advised to contact their bank, broker or other financial adviser for details regarding the actual allocation of New Shares made to them.

### **Subscription Offering**

Up to 83,897,737 million New Shares (which represents the full amount of the underlying authorised capital and only up to a corresponding value of approximately €660 million of targeted gross proceeds) will be offered for subscription in the Subscription Offering. The final number of New Shares offered in the Subscription Offering, the Subscription Ratio and the Final Subscription and Offer Price which will be set at or below the Maximum Subscription and Offer Price will be determined on the basis of the accelerated book-building process performed for purposes of the Institutional Pre-Placement, taking into account targeted gross proceeds of the Combined Offering of approximately €660 million, see "*Offer Price, Subscription Price, Subscription Ratio and maximum number of New Shares*".

The New Shares offered for subscription in the Subscription Offering will be underwritten by the Managers, with the obligation to provide the New Shares against payment therefor to Subscription Offerees, who have duly exercised Subscription Rights. In accordance with Section 153 (6) Stock Corporation Act, this will not constitute an exclusion of Subscription Rights.

Certain shareholders of Erste Bank Group, including Erste Stiftung, Sparkassen Beteiligungs GmbH & Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks have waived all or part of their Subscription Rights.

### **Subscription Period and Subscription Ratio**

Subscription Offerees are invited to exercise their Subscription Rights during the Subscription Period, which will begin on or about 3 July 2013 and end on or about 17 July 2013.

Based on the Subscription Ratio, which is expected to be determined on or about 2 July 2013 by taking into account the final number of New Shares in relation to the total number of Existing Shares, Subscription Offerees will be entitled to subscribe for a certain number of New Shares for a certain number of Existing Shares held by the respective Shareholder as of 2 July 2013, 24:00 hours (midnight) CEST (or the equivalent number of Subscription Rights). The New Shares offered in the Institutional Pre-Placement confer no rights to subscribe for additional New Shares offered in the Subscription Offering. Depending on the Subscription Ratio, it is possible that Subscription Rights may only be exercised in certain multiples. Shareholders who do not hold a number of Existing Shares divisible by the Subscription Ratio in a full number will not be able to exercise their Subscription Rights in full. The exercise of a Subscription Right by a Subscription Offeree is irrevocable and cannot be annulled, modified, cancelled or revoked except for as provided in Section 6 Capital Markets Act.

If the total number of Freefloat Subscription Shares exceeds the total number of New Shares available upon delivery of New Shares allocated in the Institutional Pre-Placement and not subject to claw-back and deferred settlement, J.P. Morgan and Morgan Stanley will exercise the option under the agreement entered into with Erste Stiftung granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price.

### **Subscription agent for Subscription Offering**

Subscription orders for New Shares will be accepted by Erste Group Bank, who will act as subscription agent for the Subscription Offering, as well as by the Managers, all Austrian savings banks and other credit institutions in Austria, during regular counter opening hours. Holders of Subscription Rights held through a depository bank that is a member of OeKB or through a financial institution that is a participant in Euroclear, Clearstream or CDCP are required to exercise their Subscription Rights by instructing such bank or financial institution to subscribe for New Shares on their behalf. Subscription Offerees that hold Subscription Rights through Depozitarul Central SA may exercise their Subscription Rights by instructing their financial intermediaries (custodian bank/broker) that act as depositaries for the Existing Shares entitled to Subscription Rights.

### **Non-exercise of Subscription Rights**

Subscription Rights that are not exercised or sold within the Subscription Period will lapse and be of no value. Subscription Offerees holding their Subscription Rights through a depository bank, a custodian or another financial intermediary are advised to inform themselves about the deadline for exercising their Subscription Rights imposed by their respective depository bank custodian or other financial intermediary (disposition period). Such disposition period may end before the end of the Subscription Period on or about 17 July 2013. No compensation will be payable for Subscription Rights not exercised.

### **Tradeability and transferability of Subscription Rights**

From the beginning of the Subscription Period, Existing Shares will be traded without Subscription Rights ("ex subscription rights"). The Subscription Rights are freely transferable in accordance with applicable law and applicable rules of OeKB in its role as central securities depository. Erste Group Bank will apply for the admission of the Subscription Rights to trading

on the Vienna Stock Exchange. Trading of the Subscription Rights is expected to commence on or about 9 July 2013 and to terminate on or about 11 July 2013.

### **Subscription notification**

On or about 3 July 2013, Erste Group Bank will publish on its website ([www.erstegroup.com](http://www.erstegroup.com)) and in the official gazette section of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* a subscription notice related to the Subscription Offering, inviting the Shareholders to exercise their Subscription Rights and setting forth the Subscription Period, the Final Subscription and Offer Price, the Subscription Ratio, the procedure for the exercise of the Subscription Rights and other information.

### **Publication of results of Institutional Pre-Placement and Subscription Offering**

The results of the Institutional Pre-Placement will be announced and published, among other things, by way of an ad-hoc announcement, via electronic media and on Erste Group Bank's website ([www.erstegroup.com](http://www.erstegroup.com)) on or about 2 July 2013.

The results of the Subscription Offering will be announced on Erste Group Bank's website ([www.erstegroup.com](http://www.erstegroup.com)) on or about 18 July 2013.

### **Termination, suspension or extension of Combined Offering**

The Combined Offering or any part thereof may be terminated, suspended or extended, the Subscription Period may be extended or terminated and the Pre-Placement Period may be shortened at any time at the absolute discretion of Erste Group Bank and the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank), but only prior to delivery of the New Shares allocated in the Institutional Pre-Placement and not subject to claw-back and deferred settlement. Any changes to the Subscription Period and the Pre-Placement Period, or the termination, suspension or extension of the Combined Offering or parts thereof will be published via electronic media, on Erste Group Bank's website ([www.erstegroup.com](http://www.erstegroup.com)), in the official gazette section of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* and, to the extent required under the Capital Markets Act, as a supplement to this Prospectus. In addition, in the Czech Republic publication will be made on the website of Česká spořitelna, a.s. ([www.csas.cz](http://www.csas.cz)) and in Romania on the websites of Depozitarul Central SA ([www.depozitarulcentral.ro](http://www.depozitarulcentral.ro)) and of BCR ([www.bcr.ro](http://www.bcr.ro)). Offerees who have submitted subscription orders or purchase orders, respectively, will not be notified individually.

The Combined Offering will be subject to the Underwriting Agreement which will provide that the obligations of the Managers are subject to certain conditions precedent, including the absence of any material adverse change in Erste Group's financial condition or business affairs. The Managers will be entitled to terminate the Underwriting Agreement in certain circumstances, in particular in case of the occurrence of events of *force majeure*.

If the Underwriting Agreement is terminated prior to registration of the implementation of the capital increase underlying the Combined Offering with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*), the Combined Offering will not take place and the Subscription Rights will no longer exist or become worthless. Under such circumstances, Offerees will not be entitled to delivery of New Shares. Claims with regard to already paid securities commissions and costs incurred in connection with the Combined Offering by an Offeree will be determined solely on the basis of the legal relationship between the Offeree and the institution to which it submitted its offer to purchase, or to subscribe for, New Shares. Any payment made for the subscription for, or the purchase of New Shares, respectively, will be returned to the respective Offeree without interest.

If the Underwriting Agreement is terminated after registration of the implementation of the capital increase underlying the Combined Offering with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*), or at a time when the registration cannot be prevented, Subscription Offerees who validly exercised their Subscription

Rights and who will do so during the remaining Subscription Period may acquire New Shares at the Final Offer and Subscription Price. Any such termination would only relate to New Shares not validly subscribed for by Subscription Offerees. Deliveries of New Shares allocated to Institutional Investors in connection with the Institutional Pre-Placement which are not subject to claw-back and have already been delivered at the time when the Combined Offering is terminated will not be reversed.

### **Commission**

Depository banks, custodians or other financial intermediaries through which Offerees may hold their Subscription Rights or submit their purchase orders, respectively, may charge customary bank commission for the exercise of the Subscription Rights or the placement of purchase orders on behalf of the Offerees. Offerees are advised to inform themselves about these costs. Neither Erste Group Bank nor J.P Morgan nor Morgan Stanley will charge any fees for the subscription for the New Shares or the purchase of the New Shares, respectively.

### **Delivery and settlement**

The New Shares will be represented by one or more global share certificates (*Sammelurkunden*) that will be deposited with OeKB, Am Hof 4, 1010 Vienna, Austria. The New Shares will be made available as co-ownership interests (*Miteigentumsanteile*) or co-ownership rights (*Miteigentumsrechte*) in the respective global share certificates. New Shares acquired in connection with the Institutional Pre-Placement not subject to claw-back and deferred settlement are expected to be available on or about 5 July 2013, and New Shares acquired in connection with the Subscription Offering are expected to be available on or about 23 July 2013. New Shares purchased subject to claw-back and deferred settlement in connection with the Institutional Pre-Placement are expected to be available on or about 23 July 2013, if and to the extent the claw-back has not been exercised. For further information on the claw-back, see "*—Institutional Pre-Placement—Claw-back and deferred settlement*". New Shares will in each case be delivered in book-entry form through the facilities of OeKB, Euroclear, Clearstream and CDCP against payment of the Final Subscription and Offer Price per acquired New Share.

### **Share Admission and commencement of trading**

Applications for admission to trading of the New Shares on the (i) Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange, (ii) Prime Market of the Prague Stock Exchange, and (iii) the International Shares Category of the Bucharest Stock Exchange are expected to be submitted on 1 July 2013. Approvals of the applications are expected to be granted by 4 July 2013 and trading to begin in each of (i) the Prime Market segment of the Vienna Stock Exchange and (ii) the International Shares Category of the Bucharest Stock Exchange on or about 5 July 2013 and (iii) on the Prime Market of the Prague Stock Exchange on or about 8 July 2013.

### **General and specific information on the New Shares**

The New Shares will be vested with the same rights as all other Shares and will not confer any additional rights or advantages.

#### **Voting rights**

Each Share, including the New Shares, entitles its holder to one vote at the Shareholders' Meeting of Erste Group Bank. There are no restrictions on voting rights. No Shareholders have different voting rights.

#### **Dividend and share in the liquidation proceeds**

The New Shares will carry full dividend rights for the financial year 2013 and for all subsequent financial years. All Shares, including the New Shares, participate in losses of Erste Group Bank up to their full nominal amount and have the right to participate in liquidation proceeds. In

the event of a liquidation, dissolution or insolvency of Erste Group Bank or proceedings for the avoidance of insolvency of the Issuer, no payments in connection with the Shares will be effected until all creditors (save for creditors of claims ranking *pari passu* with the share capital) have been satisfied or secured.

#### **Form, certification and transferability**

All Shares, including the New Shares, are no-par value voting bearer shares (ordinary shares), with a notional amount of €2.00 per Share in the share capital of Erste Group Bank and are represented by global share certificates deposited with the clearing system of OeKB, Am Hof 4, 1010 Vienna, Austria. The Articles of Association exclude the statutory right of shareholders to request individual share certificates. If share certificates or renewal coupons are nevertheless issued, their form and contents may be determined by the Management Board with the consent of the Supervisory Board.

The Shares are freely transferable without the prior approval of the Management Board or the Supervisory Board. Title to all Shares represented by global share certificates will therefore be transferred in accordance with applicable law and the rules applicable rules of OeKB in its role as central securities depository.

#### **International Securities Identification Numbers (ISIN)**

---

International Securities Identification Number (ISIN) of the Existing Shares . . .	AT0000652011
International Securities Identification Number (ISIN) of the New Shares . . . . .	AT0000652011
International Securities Identification Number (ISIN) of the Subscription Rights	AT0000A10QP8

---

#### **Dilution**

The Subscription Right of Shareholders to acquire New Shares from the capital increase underlying the Combined Offering ensures that all Shareholders, provided they exercise their Subscription Rights, can maintain their respective original percentage holdings in Erste Group Bank's total share capital. If a Subscription Right is not exercised, the percentage holding of the respective Shareholders in Erste Group Bank's total share capital will be diluted by 7.5%, subject to the following assumptions.

Erste Group Bank's consolidated net assets as of 31 March 2013 were €11,155.0 million (excluding (i) Participation Capital and (ii) non-controlling interests), or €28.27 per Share in Erste Group Bank, based on 394,568,647 Shares, each of which represents a notional amount of €2.00 per Share in the share capital of Erste Group Bank. Net assets (excluding (i) Participation Capital and (ii) non-controlling interests) per Share in Erste Group Bank are determined by dividing total assets less total liabilities by the number of shares.

Assuming the issue of 32,179,425 New Shares in the Combined Offering at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013, and targeted gross proceeds of the Combined Offering of approximately €660 million, the consolidated net assets of Erste Group Bank as of 31 March 2013 would have been €27.60 per Share (Existing Shares and New Shares) after deducting capital contribution tax, underwriting commissions and estimated expenses in connection with the Combined Offering payable by Erste Group Bank.

This represents an immediate decrease in consolidated net assets of €0.67 or 2.4% per Share to existing Shareholders who do not exercise their Subscription Rights and an immediate increase in net assets of €7.09 or 34.6% per Share to new investors purchasing New Shares in the Combined Offering. Dilution per Share to new investors is determined by subtracting the consolidated net assets per Share after this Combined Offering from a hypothetical Final Subscription and Offer Price paid by a new investor.



Each Offeree should be aware that the above calculation is based on a hypothetical Final Subscription and Offer Price of €20.51 per New Share. The actual dilution will be based on the net proceeds and the final number of New Shares based on the actual Final Subscription and Offer Price.

## **Interests of persons participating in the Combined Offering**

The Managers have contractual relationships with Erste Group Bank in connection with the Combined Offering and the Share Admission. They advise Erste Group Bank in the transaction and coordinate the structure and execution of the transaction. On successful completion of the transaction, the Managers will receive an aggregate commission of a maximum of approximately €16.5 million. The Managers or their respective affiliates may from time to time enter into business relationships with Erste Group Bank or render services to it in connection with ordinary business activities. The Managers and their respective affiliates also currently have business relationships with Erste Group Bank or its subsidiaries.

Certain Shareholders, including Erste Stiftung, Sparkassen Beteiligung GmbH & Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks, have waived 37.4% of the Subscription Rights subject to certain conditions precedent and the implementation of the capital increase underlying the Combined Offering is registered with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*).

## **Special considerations for U.S. investors participating in the Subscription Offering**

The Subscription Rights and the New Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. They may not be offered or sold (i) within the United States, except in transactions exempt from registration under the Securities Act, or (ii) outside the United States, except in offshore transactions in compliance with Regulation S under the Securities Act.

Other than QIBs that comply with the procedures described below, persons that are located in the United States will not be permitted to receive Subscription Rights to subscribe for New Shares deliverable upon the exercise of the Subscription Rights. Except with respect to such QIBs, subscription instructions, application forms or other documents required in respect of the exercise of the Subscription Rights will not be accepted by Erste Group Bank, and custodians and nominees are advised not to pass on such instructions or applications or to effect any subscriptions based on them.

**The terms and conditions and procedures applicable to Shareholders and holders of Subscription Rights in the United States are described below only insofar as they differ from those that apply generally in the Subscription Offering. To the extent that the generally applicable terms, conditions and procedures described elsewhere in this Prospectus are not contradicted or varied by the information set forth in this section, such terms, conditions and procedure will also apply to holders in the United States.**

A QIB will be permitted to exercise Subscription Rights and subscribe for New Shares upon exercise thereof only if the QIB:

- returns a duly completed and executed investor letter in the form of Annex 4 to this Prospectus to, and in accordance with the instructions of, its custodian or nominee; and
- sends copies of its duly completed and executed investor letter to Erste Group Bank to the addressee set forth in the investor letter,

in each case, prior to 4.00 pm CEST on 17 July 2013.

Qualifying holders who may wish to exercise Subscription Rights should consider that they may not be able to do so during usual U.S. business hours on 17 July 2013, and should consult their



depository banks or clearing system participants to determine the effective deadline for their exercise of Subscription Rights.

Holders of American Depositary Receipts (“ADRs”) under the Erste Group Bank’s ADR programme will not be permitted to subscribe for New Shares in respect of the Shares that are represented by such ADRs.

### **Special considerations for the Combined Offering in the Czech Republic**

Czech Offerees who take part in the Combined Offering are required to follow the instructions provided by Česká spořitelna, or their respective financial intermediary and information published by CDCP. It will be at the discretion of Česká spořitelna how to administer the Combined Offering in the Czech Republic. No assurances can be given that the New Shares will be properly delivered unless the Czech Offeree and its custodian comply with all relevant instructions of Česká spořitelna, or its respective financial intermediary and CDCP. Offerees should be aware that the disposition period, during which they may exercise their Subscription Rights, may terminate prior to the end of the Subscription Period.

Should Erste Group Bank decide to modify the terms of the Combined Offering, such change will be published on Erste Group Bank’s website ([www.erstegroup.com](http://www.erstegroup.com)) and on the website of Česká spořitelna ([www.csas.cz](http://www.csas.cz)). Offerees will not be notified individually.

The Offerees in the Czech Republic are advised to liaise with their respective custodians as to the form and time of exercise of their Subscription Rights.

### **Special considerations for the Combined Offering in Romania**

Romanian Offerees who take part in the Combined Offering are required to follow the instructions provided by their respective financial intermediary (custodian bank or broker). No assurances can be given that the New Shares will be properly delivered unless the Romanian Offeree and its financial intermediary (custodian bank or broker) comply with all relevant instructions of the related international custodian. Depozitarul Central SA will provide information on the Combined Offering in Romania (the form and content of such information to be agreed with Depozitarul Central SA).

Offerees should be aware that the disposition period, during which they may exercise their Subscription Rights, may terminate prior to the end of the Subscription Period.

Should Erste Group Bank decide to modify the terms of the Combined Offering, such change will be published on Erste Group Bank’s website ([www.erstegroup.com](http://www.erstegroup.com)), on the website of Depozitarul Central SA ([www.depozitarulcentral.ro](http://www.depozitarulcentral.ro)) and on the website of BCR ([www.bcr.ro](http://www.bcr.ro)). Offerees will not be notified individually.

The Offerees in Romania are advised to liaise with their respective financial intermediary (custodian bank or broker) as to the form and time of exercise of their Subscription Rights.

# Background of the Combined Offering and use of proceeds

## Background of the Combined Offering

Erste Group has a long history of maintaining capital adequacy levels well in excess of the minimum levels set by regulators and meeting applicable capital ratio requirements in advance of official deadlines. The Management Board and the Supervisory Board believe it is prudent and in the best interests of all Erste Group Bank's stakeholders to proactively strengthen Erste Group Bank's capital position, in particular in light of increasingly tightening capital adequacy requirements affecting the assessment of existing capital instruments of Erste Group Bank.

### Regulatory environment

In the wake of the global economic and financial crisis, the Basel Committee finalised new rules in mid-2010 regarding the capital requirements applicable to trading activities. These rules, commonly referred to as Basel 2.5, have significantly increased applicable capital requirements by introducing new risk measures and by mandating specified capital treatment for certain identified asset classes. In December 2010, the Basel Committee published its final standards on the revised capital adequacy framework, known as Basel 3, which also tighten the definition of capital, require banks to maintain capital buffers and introduce liquidity ratios. In 2011, the European Commission proposed the Europe-wide implementation of Basel 3 through a legislative package referred to as CRR/CRD IV, which will further increase the quality and quantity of required capital, increase capital requirements for derivative positions and introduce a new liquidity framework as well as a leverage ratio. In addition, EBA, in response to ongoing market concerns over the ability of banks to absorb potential losses associated with sovereign debt, brought into focus by the ongoing European sovereign debt crisis, required a group of 70 large banks in the European Economic Area, including Erste Group, to reach an exceptional and temporary capital ratio of 9% of core tier-1 capital. This capital ratio was calculated in accordance with the Basel 2.5 rules and specifically took into account certain EBA definitions (e.g., non-consideration of private participation capital in a total amount of approximately €540 million against banks' credit, operational and market risks, after accounting for certain criteria including the valuation of sovereign debt). Due to regulatory changes, various instruments issued in the past will lose regulatory recognition as own funds or drop into lower categories than those in which they were initially recognised. For example, certain hybrid capital instruments will, over time, be phased out as additional tier-1 capital, and the Participation Capital Securities subscribed by the Republic of Austria will lose regulatory recognition in 2017, thus reducing Erste Group's core tier-1 ratio or otherwise reducing the regulatory capital of Erste Group Bank or Erste Group on a single entity or consolidated level. Moreover, in March 2012, the FMA published supervisory guidance on the strengthening of the sustainability of the business models of large, internationally active, Austrian banks, which included the requirement for Austrian parent financial institutions to submit recovery and resolution plans before the end of 2012 in order to proactively prepare for European frameworks under discussion. The supervisory guidance also foresees increased capitalisation requirements for banking groups reflected in the full implementation of the quantitative and qualitative Basel 3 rules with respect to common equity tier-1 capital, i.e., a common equity tier-1 capital ratio of 7% (without making use of any related transitional provisions, except for the Participation Capital subscribed under the Austrian Financial Market Stabilisation Act 2008) beginning in 2013. In this respect, the FMA has indicated that it will implement an additional common equity tier-1 capital requirement to banking groups at a consolidated level of up to 3% beginning in 2016, while the level of the additional common equity tier-1 capital requirement will depend on the systemic relevance of the particular banking group. Erste Group estimates the negative impact from the switch to a fully loaded Basel 3 capital regime (based on currently available public documentation) on its capital ratios to be approximately 30 bps.

## Outstanding Participation Capital

In 2009, Erste Bank issued in several tranches participation capital securities, constituting Participation Capital (*Partizipationskapital*) of Erste Group Bank within the meaning of Section 23 (4) and (5) Banking Act, in an aggregate nominal amount of €1.764 billion (the "Participation Capital Securities"). As of the date of this Prospectus, Participation Capital Securities with an aggregate nominal amount of €1.205 billion are held by the Republic of Austria.

The Participation Capital Securities are perpetual, have no fixed maturity date and are fully paid in. A repayment (*Rückzahlung*) of the Participation Capital is only possible by way of: (i) a reduction of the Participation Capital (*Partizipationskapitalherabsetzung*) by an analogous application of the provisions governing the reduction of share capital pursuant to the Stock Corporation Act; (ii) a redemption (*Einziehung*) of the Participation Capital Securities pursuant to Section 102a Banking Act; or (iii) a repurchase (*Rückkauf*) of the Participation Capital Securities pursuant to Section 23 (16) Banking Act in connection with Sections 65 *et seq.* Stock Corporation Act, in each case under certain limited circumstances.

The Participation Capital Securities are governed by Austrian law, in particular the Banking Act and the Terms and Conditions of the Participation Capital Securities. Subject to the limitations contained in the Terms and Conditions, dividends on the Participation Capital Securities accrue annually per financial year as follows: (i) for the financial years from 1 January 2009 to 31 December 2013 at a dividend rate of 8.0% *per annum*, (ii) for the financial year from 1 January 2014 to 31 December 2014 at a dividend rate of 8.5% *per annum*, (iii) for the financial year from 1 January 2015 to 31 December 2015 at a dividend rate of 9.0% *per annum*, (iv) for the financial year from 1 January 2016 to 31 December 2016 at a dividend rate of 9.75% *per annum*, and (v) for the financial years from 1 January 2017, the dividend rates increase by one percentage point *per annum* each year, provided that the annual dividend must never exceed 12-Month-EURIBOR plus ten percentage points *per annum*. Dividend payments to holders of the Participation Capital Securities are made prior to distributions of dividends to Shareholders of Erste Group Bank. The dividend payable on the Participation Capital Securities depends, among other things, on the annual profits as stated in the unconsolidated financial statements of Erste Group Bank after allocation to reserves. Unless dividend payments are made on the ordinary shares of Erste Group Bank, Erste Group Bank has no obligation to pay dividends on the Participation Capital Securities (irrespective of the availability of distributable profits) if it does not elect to do so, and any such failure to pay such dividends will not constitute a default of Erste Group Bank or any other breach of the obligations under the Participation Capital Securities or for any other purpose. Erste Group Bank is not obliged to pay unpaid dividends at a later stage, unless distributable annual profits were retained without either a statutory obligation or instructions from a supervisory authority, in which case the repayment amount in a repayment of the Participation Capital Securities will be increased by the number of percentage points by which the agreed dividend has fallen short.

## Use of proceeds

Based on an assumed Final Subscription and Offer Price of €20.51 per New Share, which was the closing price of the Existing Shares on the Vienna Stock Exchange on 28 June 2013, Erste Group Bank expects the net proceeds of the Combined Offering to be approximately €630 million, assuming 32,179,425 New Shares are issued (assuming the issue of New Shares at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013, and targeted gross proceeds of the Combined Offering of €660 million), after deducting capital contribution tax, underwriting commissions and offering expenses of an estimated €30 million.

Erste Group Bank intends to use the net proceeds of the Combined Offering to strengthen Erste Group Bank's capital base and increase certain capital ratios of Erste Group Bank and

Erste Group, subsequent to the contemplated redemption of the Participation Capital Securities (as described below). The addition of common equity capital from the Combined Offering will also provide flexibility for potential new or changed regulatory capital ratio requirements and address market expectations of higher levels of core capital in the banking sector.

Erste Group's core tier-1 ratio (applying capital adequacy rules introduced by the Basel 2.5 framework and excluding (i) the Participation Capital and (ii) retained earnings for the first quarter of 2013) as of 31 March 2013 adjusted for the targeted net proceeds of the Combined Offering of approximately €630 million would have been 10.2%. This would represent a growth by 0.6 percentage points from a reported core tier-1 ratio of 9.6% as of 31 March 2013. Based on this strengthening of the capital structure Erste Group expects to meet its targeted 10% fully loaded Basel 3 common equity tier-1 ratio by 31 December 2014.

At the same time, a major portion of the Participation Capital (held by the Republic of Austria) will lose regulatory recognition in 2017, and, therefore, its supporting effect on Erste Group's core tier-1 ratio. In addition, the planned redemption of the Participation Capital will further strengthen Erste Group's ability to generate capital and improve capital ratios as there will be no annual dividend payments on the Participation Capital from 2014. Without a redemption of the Participation Capital, the dividend rate on the Participation Capital Securities, which currently is 8.0% *per annum* would be subject to further step-ups beginning in 2014. For the financial years ending 31 December 2014 and 2015, gross savings in dividend payments on the Participation Capital Securities would amount to €149 million and €158 million, respectively, in each case net of tax, with even higher gross savings in subsequent years. Dividend payments to holders of Participation Capital Securities are generally made prior to distributions of dividends to shareholders of Erste Group Bank. Unless dividend payments are made on the ordinary shares of Erste Group Bank, Erste Group Bank has no obligation to pay dividends on the Participation Capital Securities (irrespective of the availability of distributable annual profits). On that basis, it is intended to propose to the annual Shareholders' Meeting in 2014 to resolve upon dividend payments on the Participation Capital Securities for the financial year ending 31 December 2013, reflecting on a *pro rata* basis the period of time during the financial year ending 31 December 2013 from 1 January 2013 until the redemption of the Participation Capital Securities.

In order to redeem the Participation Capital Securities, the following steps have already been performed or are being contemplated: On 18 June 2013, the Management Board, with the approval of the Supervisory Board by resolution dated 24 June 2013, has generally resolved to redeem the Participation Capital Securities. On 19 June 2013, a redemption plan relating to the Participation Capital redemption was signed by two Management Board members in the form of a notarial deed. Furthermore, the Management Board resolved upon the Management Board report on the redemption plan on 19 June 2013. On 28 June 2013, Deloitte Audit Wirtschaftsprüfungs GmbH, as the appointed redemption auditor (*Einziehungsprüfer*), provided a report relating to the contemplated Participation Capital redemption. On or about 2 July 2013, the Supervisory Board is expected to resolve upon the Supervisory Board report on the redemption plan. A notice relating to the contemplated redemption of Participation Capital Securities is expected to be published in the official gazette of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* on or about 5 July 2013. As of the same date and for a period of one month, the following documents are expected to be made available in electronic form on Erste Group Bank's website ([www.erstegroup.com](http://www.erstegroup.com)) and as printed copies available for inspection at the business address of Erste Group Bank (Graben 21, 1010 Vienna, Austria) during regular business hours and free of charge: (i) the redemption plan relating to the Participation Capital redemption; (ii) the Management Board report on the redemption plan; (iii) the Supervisory Board report on the redemption plan; and (iv) the redemption auditor report of Deloitte Audit Wirtschaftsprüfungs GmbH relating to the contemplated Participation Capital redemption. Following a one-month waiting period, the Management Board and the Supervisory Board are expected to adopt final resolutions regarding the redemption of the Participation Capital Securities on or about 6 August 2013. Subsequently, a notice relating to the effected

Participation Capital redemption is expected to be published in the official gazette of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* on or about 7 August 2013. This notification will trigger a one-month period during which Participation Capital Securities holders will be entitled to apply for a review of the redemption payment. The redemption payment to holders of Participation Capital Securities will be made following the second publication in the official gazette section of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* of the final approvals of the Management Board and the Supervisory Board on or about 8 August 2013.

In terms of the accounting treatment of the Participation Capital redemption, the redemption will reduce the liquid funds of Erste Group Bank. At the same time, the other reserves within the balance sheet item retained earnings will be decreased and the statutory reserves within the balance sheet item retained earnings will be increased by an amount by which the aggregate nominal amount of the Participation Capital Securities exceeds the net proceeds of the Combined Offering.

# Dividend policy of Erste Group Bank

## General provisions relating to dividend payments on the Shares

The New Shares carry full dividend rights for the financial year 2013 and for all subsequent financial years. Each shareholder of Erste Group Bank is entitled to receive dividends, if and to the extent that the distribution of dividends is proposed by the Management Board and the Supervisory Board and resolved by the Shareholders' Meeting. A shareholder's share in the profits of Erste Group Bank is determined by the portion of Erste Group Bank's share capital such shareholder holds. Dividend payments on Shares in any given financial year are resolved upon in the following year by the Shareholders' Meeting on the basis of a proposal made by the Management Board and the Supervisory Board, without being bound by such proposal. The Shareholders' Meeting cannot increase the dividend proposed by the Management Board. Erste Group Bank's ability to pay dividends is based on its unconsolidated financial statements prepared in accordance with Austrian GAAP. Dividends may be paid only from the annual net profit (*Bilanzgewinn*) recorded in Erste Group Bank's unconsolidated annual financial statements as approved by the Supervisory Board or by the Shareholders' Meeting. In determining the amount available for distribution, the annual net income (*Jahresüberschuss*) must be adjusted to account for any accumulated undistributed net profit or loss from previous years as well as for withdrawals from or allocations to reserves. Certain reserves must be established by law, and allocation to such reserves must therefore be deducted from the annual net income in order to calculate the annual net profit.

Unless the Shareholders' Meeting resolves otherwise, dividends are due for payment ten days after the Shareholders' Meeting. Subject to the conditions set out in Section 54a Stock Corporation Act, the Management Board, with the consent of the Supervisory Board, may pay out interim dividends. Dividend entitlements are subject to the standard three-year limitation period under Austrian law. Pursuant to the Articles of Association, dividends of shareholders of Erste Group Bank not collected for three years will be forfeited in favour of the free reserves of Erste Group Bank.

Erste Group Bank's dividend policy with regard to its Shares is not based on a fixed dividend payout ratio. In light of the significantly improved earnings in the financial year 2012 when compared to the financial year 2011, Erste Group Bank paid a dividend in the amount of €0.40 per Share for the financial year 2012 on 24 May 2013. At this level, the dividend payout ratio for Shares was, with the exception of the financial year 2011, in line with historic levels of approximately 20% to 30%. In the future, Erste Group Bank intends to continue to pay a dividend on its Shares, the amount of which will depend upon Erste Group's profitability, growth outlook and capital requirements.

Past dividends are not an indication of future dividends to be paid by Erste Group Bank. Erste Group Bank intends to continue to pay dividends. However, the timing and amount of future dividend payments, if any, will depend upon Erste Group Bank's profitability, growth outlook, capital requirements and financial condition and such other factors as the Management Board and Supervisory Board of Erste Group Bank consider relevant, as well as the approval by the Shareholders' Meeting. There can be no assurance that any dividends will be paid or that, if paid, they will correspond to the policy described above. For provisions on dividend distribution contained in Erste Group Bank's Articles of Association see "*Description of the share capital and applicable regulations—General provisions on appropriation of profits and dividends to shareholders of Erste Group Bank*".

## Historical dividend payments on the Existing Shares

Since its initial public offering (IPO) in 1997, Erste Group Bank has paid dividends on its Shares, except for the financial year 2011. In the past, dividends on Shares in Erste Group Bank were paid within ten days after the annual Shareholders' Meeting which approved the dividend for the preceding financial year. Past dividends are not an indication of future dividends to be paid



by Erste Group Bank on its Shares. For information purposes only, dividend payment information regarding the payment of dividends on Shares for the financial years 2012, 2011 and 2010, respectively, is set forth below:

In €	Dividend payments for the financial year		
	2012	2011	2010
<b>Dividend per share</b> . . . . .	0.40	—	0.70

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 and minutes of the annual Shareholders' Meetings 2011, 2012 and 2013.

## Market price information

The Existing Shares have been admitted to trading on the Vienna Stock Exchange since 4 December 1997. The table below sets forth the high and low closing prices of the Existing Shares in the Prime Market segment of the Vienna Stock Exchange since 2008:

In €	Closing price per share	
	High	Low
Year ended 31 December 2008 .....	49.20	13.25
Year ended 31 December 2009 .....	31.15	7.00
Year ended 31 December 2010 .....	35.59	25.10
Year ended 31 December 2011 .....	39.45	10.65
Year ended 31 December 2012 .....	24.33	11.95
Six months ended 30 June 2013 .....	26.72	20.09

Source: Vienna Stock Exchange

Since 1 October 2002, the Existing Shares of Erste Group Bank have also been admitted to trading on the Prague Stock Exchange. The table below sets forth the high and low closing prices of the Existing Shares in the main market A segment of the Prague Stock Exchange since 2008:

In CZK	Closing price per share	
	High CZK	Low CZK
Year ended 31 December 2008 .....	1,283.0	343.5
Year ended 31 December 2009 .....	797.5	202.2
Year ended 31 December 2010 .....	900.0	652.0
Year ended 31 December 2011 .....	946.0	283.9
Year ended 31 December 2012 .....	617.3	312.9
Six months ended 30 June 2013 .....	674.1	521.9

Source: Prague Stock Exchange

Since 14 February 2008, the Existing Shares of Erste Group Bank have also been admitted to trading on the Bucharest Stock Exchange. The table below sets forth the high and low closing prices of the Existing Shares in the main market RGS1 segment of the Bucharest Stock Exchange since 2008:

In RON	Closing price per share	
	High RON	Low RON
Year ended 31 December 2008 .....	177.5	51.0
Year ended 31 December 2009 .....	133.0	30.1
Year ended 31 December 2010 .....	152.5	105.4
Year ended 31 December 2011 .....	166.0	47.6
Year ended 31 December 2012 .....	109.0	53.0
six months ended 30 June 2013 .....	116.0	93.3

Source: Bucharest Stock Exchange

## Capitalisation of Erste Group

The following table sets forth, as of 31 March 2013, the consolidated total capitalisation of Erste Group prepared on the basis of data taken or derived from the Unaudited Interim Condensed Consolidated Financial Statements or Erste Group's accounting records and the qualifying capital pursuant to the Banking Act on (i) an actual basis, (ii) on an adjusted basis to reflect the proceeds of the sale of 32,179,425 New Shares at an assumed Offer Price equal to €20.51, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013 (assuming the issue of New Shares at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013 and targeted gross proceeds of the Combined Offering of €660 million), and payment of expenses related to the Combined Offering of approximately €30 million and (iii) the redemption of the Participation Capital in full. This table should be read in conjunction with "*Management's discussion and analysis of financial condition and results of operations—Capital adequacy*". Since 31 March 2013, there has been no material change to the information contained in the table below.

The Combined Offering is intended to further strengthen Erste Group's capital base so that Erste Group expects to meet its targeted 10% fully loaded Basel 3 common equity tier-1 ratio by 31 December 2014.

	As of	
	31 March 2013	31 March 2013 (adjusted for the Combined Offering and the redemption of the Participation Capital)
in € million, unless otherwise indicated		
unaudited		
<b>Capitalisation</b>		
Share capital <sup>(1)</sup>	789	846 <sup>(2)</sup>
Participation capital—State <sup>(3)</sup>	1,219	0
Participation capital—Private <sup>(3)</sup>	538	0
Additional paid-in capital	6,472	7,038
Retained earnings and other reserves	3,894	3,894
<b>Owners of the parent</b>	<b>12,912</b>	<b>11,778</b>
Non-controlling interests	3,518	3,518
<b>Total equity (including non-controlling interests)</b>	<b>16,430</b>	<b>15,296</b>
Subordinated issues and deposits	3,795	3,795
Supplementary capital	1,190	1,190
Hybrid issues	381	381
Total secured debt <sup>(4)</sup>	10,595	10,595
Total long-term unsecured debt <sup>(5)</sup>	19,216	19,216
<b>Total capitalisation<sup>(6)</sup></b>	<b>51,607</b>	<b>50,473</b>
<b>Qualifying capital as determined pursuant to the Banking Act</b>		
<b>Core tier-1 capital</b>	<b>11,809</b>	<b>10,675</b>
Hybrid tier-1 capital pursuant to section 23 (4a) and (4b) of the Banking Act	377	377
Direct holdings of own hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Banking Act	(2)	(2)
<b>Tier-1 capital</b>	<b>12,184</b>	<b>11,050</b>
Eligible supplementary capital	519	519
Eligible subordinated liabilities	3,460	3,460
70% of AfS-reserve deducted from core tier-1 eligible within tier-2	367	367
IRB—surplus	83	83
<b>Qualifying supplementary capital (tier-2)<sup>(7)</sup></b>	<b>4,429</b>	<b>4,429</b>
50% deduction for non-consolidated credit and financial institutions pursuant to section 23 (13) 3 and 4 of the Banking Act	(108)	(108)
50% deduction for non-consolidated insurances pursuant to section 23 (13) 4a of the Banking Act (1)	(82)	(82)
50% deduction of IRB-shortfall pursuant to section 23 (13) 4c of the Banking Act	0	0
50% deduction of securitisations pursuant to section 23 (13) 4d of the Banking Act	(22)	(22)
<b>Short-term subordinated capital (tier-3)</b>	<b>300</b>	<b>300</b>
<b>Total eligible qualifying capital</b>	<b>16,701</b>	<b>15,567</b>
Total Capital Requirement	8,406	8,406
Surplus capital	8,296	7,161
Cover ratio (in %) <sup>(8)</sup>	198.7	185.2
Tier-1 capital	12,809	11,050
Core tier-1 capital	11,809	10,675
Core tier-1 capital (excluding participation capital)	10,052	10,675
Core tier-1 ratio—total risk (in %) <sup>(9)</sup>	11.2	10.2
Core tier-1 capital ratio (excluding participation capital)—total risk <sup>(9)</sup>	9.6	10.2
Tier-1 ratio—total risk (in %) <sup>(10)</sup>	11.6	10.5
Solvency ratio (in %) <sup>(11)</sup>	15.9	14.8

Source: Unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013, except that the figures shown under "Retained earnings and other reserves", "Total long-term unsecured debt", "Total capitalisation", "Cover ratio", "Core tier-1 capital (excluding participation capital)" and "Core tier-1 capital ratio (excluding participation capital)—total risk" are based on internal calculations or information of Erste Group Bank.

- (1) Shown as "Paid-up capital" in the unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013.
- (2) Assuming the issue of New Shares at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Share on the Vienna Stock Exchange on 28 June 2013, and targeted gross proceeds of the Combined Offering of €660 million, 32,179,425 New Shares will be issued and the share capital will be increased by €64 million. This amount will be reduced by approximately €7 million in expenses associated with the issuance of the Participation Capital in the financial year ended 31 December 2009, such expenses currently being deducted from the Participation Capital.
- (3) Participation capital pursuant to Section 23 (4) Banking Act net of expenses associated with its issuance of approximately €7 million.
- (4) Total secured debt refers to obligations from mortgage and municipal bonds.
- (5) Total long-term unsecured debt refers to obligations from bonds, certificates of deposit, other certificates of deposit/name certificates, other and own issues repurchased.
- (6) Total capitalisation is the sum of total equity (including non-controlling interests), subordinated issues and deposits, supplementary capital, hybrid issues, total secured debt and total long-term unsecured debt. Since 31 March 2013, Erste Group Bank has issued no shares.
- (7) Qualifying supplementary capital (tier-2) before deductions pursuant to Section 23 (13) 3 and 4 Banking Act.
- (8) Cover ratio is the ratio of total eligible qualifying capital to capital requirement. The following table shows the calculation of cover ratio as of 31 March 2013 and as of 31 March 2013 as adjusted for the Combined Offering and the redemption of the Participation Capital:

	As of	
	31 March 2013	31 March 2013 (adjusted for the Combined Offering and the redemption of the Participation Capital)
<b>in € million, unless otherwise indicated</b>	<b>unaudited</b>	
Total eligible qualifying capital . . . . .	16,701	15,567
Capital requirement . . . . .	8,406	8,406
<b>Cover ratio (in %) . . . . .</b>	<b>198.7</b>	<b>185.2</b>

- (9) Core tier-1 ratio—total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act. Core tier-1 ratio (excluding participation capital)—total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act and excluding participation capital) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (10) Tier-1 ratio—total risk is the ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (11) The solvency ratio is the ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.

## Erste Group selected financial and other information

The financial data provided below has been taken or derived from Erste Group's unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013, including comparative financial information for the three-month period ended 31 March 2012, which were prepared in accordance with IFRS and are presented in accordance with the requirements of IAS 34 "Interim Financial Reporting", and Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 2011, including comparative financial information as of and for the financial year ended 31 December 2010, which were prepared in accordance with IFRS, or is based on the accounting records, internal calculations or information of Erste Group Bank. The non-controlling interests include, among others, savings banks in which Erste Group Bank holds a non-controlling interest or no interest but over which it exercises control under the *Haftungsverbund*.

Any financial information in the following tables labelled as "audited" has been taken from the Audited Consolidated Financial Statements. Any financial information in the following tables labelled as "unaudited" has not been taken from those Audited Consolidated Financial Statements.

### Balance Sheet

in € million	As of	As of 31 December		
	31 March 2013 unaudited	2012	2011 audited	2010
<b>Assets</b>				
Cash and balances with central banks . . . . .	7,445.8	9,740.5	9,412.9	5,839.4
Loans and advances to credit institutions . . . . .	11,964.4	9,074.1	7,577.7	12,496.5
Loans and advances to customers . . . . .	130,335.0	131,927.5	134,749.5	132,334.1
Risk provisions for loans and advances . . . . .	(7,695.4)	(7,643.7)	(7,027.3)	(6,119.1)
Derivative financial instruments . . . . .	11,429.4	13,289.4	10,930.8	8,507.9
Trading assets . . . . .	6,511.6	5,178.0	5,875.8	5,535.5
Financial assets—at fair value through profit or loss . . . . .	656.8	715.8	1,813.1	2,434.2
Financial assets—available for sale . . . . .	21,190.2	22,417.7	20,245.3	17,751.1
Financial assets—held to maturity . . . . .	19,028.3	18,974.7	16,073.6	14,234.7
Equity method investments . . . . .	211.1	174.1	173.1	223.5
Intangible assets . . . . .	2,858.2	2,893.9	3,532.0	4,674.6
Property and equipment . . . . .	2,156.3	2,227.9	2,360.8	2,445.6
Investment property . . . . .	1,011.1	1,022.9	1,139.3 <sup>(1)</sup>	1,163.1 <sup>(2)</sup>
Current tax assets . . . . .	133.1	127.6	115.7	116.5
Deferred tax assets . . . . .	679.5	657.5	701.9	616.8
Assets held for sale . . . . .	618.0	708.1	87.2	52.5
Other assets . . . . .	4,456.2	2,338.1	2,245.1 <sup>(1)</sup>	3,463.2 <sup>(2)</sup>
<b>Total assets . . . . .</b>	<b>212,989.6</b>	<b>213,824.0</b>	<b>210,006.3</b>	<b>205,770.0</b>
<b>Liabilities and equity</b>				
Deposits by banks . . . . .	20,678.3	21,822.1	23,785.3	20,153.9
Customer deposits . . . . .	123,123.6	123,052.9	118,880.2	117,016.3
Debt securities in issue . . . . .	29,810.9	29,427.3	30,781.6	31,298.5
Value adjustments from portfolio fair value hedges . . . . .	1,428.6	1,220.0	914.7 <sup>(1)</sup>	502.0 <sup>(2)</sup>
Derivative financial instruments . . . . .	9,314.1	10,878.4	9,336.6	8,398.8
Trading liabilities . . . . .	368.4	481.0	535.6	215.7
Provisions . . . . .	1,494.1	1,487.7	1,580.1	1,544.5
Current tax liabilities . . . . .	72.9	53.0	33.7	68.4
Deferred tax liabilities . . . . .	292.4	323.5	344.8	328.1
Other liabilities . . . . .	4,267.6	3,077.3	2,851.3 <sup>(1)</sup>	3,847.7 <sup>(2)</sup>
Liabilities associated with assets held for sale . . . . .	342.7	338.9	0.0 <sup>(1)</sup>	0.0 <sup>(2)</sup>
Subordinated liabilities . . . . .	5,366.3	5,323.4	5,782.6	5,838.0
Total equity . . . . .	16,429.7	16,338.5	15,180.0	16,558.0
attributable to non-controlling interests . . . . .	3,518.0	3,483.2	3,142.9	3,443.6
attributable to owners of the parent . . . . .	12,911.6	12,855.3	12,037.1	13,114.4
<b>Total liabilities and equity . . . . .</b>	<b>212,989.6</b>	<b>213,824.0</b>	<b>210,006.3</b>	<b>205,770.0</b>



Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

- (1) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 31 December 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.
- (2) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 1 January 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012

## Income statement and key ratios

in € million, unless otherwise indicated	For the three months ended 31 March		For the year ended 31 December		
	2013 unaudited	2012	2012 audited, unless otherwise indicated	2011	2010
Net interest income . . . . .	1,240.6	1,336.9	5,235.3	5,569.0	5,439.2
Risk provisions for loans and advances . . . . .	(402.2)	(580.6)	(1,980.0)	(2,266.9)	(2,021.0)
Net fee and commission income . . . . .	448.2	430.3	1,720.8	1,787.2	1,842.5
Net trading result . . . . .	77.8	93.6	273.4	122.3	321.9
General administrative expenses . . . . .	(931.2)	(945.1)	(3,756.7)	(3,850.9)	(3,816.8)
Other operating result . . . . .	(103.3)	131.2	(724.3)	(1,589.9)	(439.3)
Result from financial instruments—FV/at fair value through profit or loss . . . . .	(46.5)	41.5	(3.6)	0.3	(6.0)
Result from financial assets—Afs/available for sale	11.4	(14.7)	56.2	(66.2)	9.2
Result from financial assets—HtM/held to maturity	6.6	(6.0)	(19.9)	(27.1)	(5.5)
<b>Pre-tax profit/loss . . . . .</b>	<b>301.4</b>	<b>487.1</b>	<b>801.2</b>	<b>(322.2)</b>	<b>1,324.2</b>
Taxes on income . . . . .	(66.4)	(107.2)	(170.2)	(240.4)	(280.9)
<b>Net profit/loss for the period/year . . . . .</b>	<b>235.0</b>	<b>379.9</b>	<b>631.0</b>	<b>(562.6)</b>	<b>1,043.3</b>
attributable to non-controlling interests . . . . .	58.8	33.4	147.5	156.3	164.6
attributable to owners of the parent . . . . .	176.2	346.5	483.5	(718.9)	878.7
Earnings per share in € . . . . .	0.36	0.80	0.87	(2.28)	1.97
Dividend pay-out ratio <sup>(1)</sup> (in %) (unaudited) . . . . .	—	—	32.6	—	30.1
Return on equity (ROE) <sup>(2)</sup> (in %) . . . . .	5.4	11.2	3.8	—	6.7
Cost/income ratio <sup>(3)</sup> (in %) . . . . .	52.7	50.8	52.0	51.5	50.2
Net interest margin <sup>(4)</sup> (in %) (unaudited) . . . . .	2.74	2.87	2.80	2.97	3.08

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that figures shown under "Dividend pay-out ratio" and "Net interest margin" are based on internal calculations or information of Erste Group Bank.

- (1) Dividend pay-out ratio represents dividends paid to owners of the parent (excluding dividends paid on participation capital) for the respective year divided by net profit for the year attributable to owners of the parent and is unaudited for the years ended 31 December 2012, 2011 and 2010
- (2) The return on equity (ROE) is the ratio of net profit/loss for the year attributable to owners of the parent as a percentage of average equity attributable to owners of the parent. The average equity attributable to owners of the parent is calculated based on the equity attributable to owners of the parent outstanding as of the close of each of the twelve months of the year or as of the close of each month of the three-month period, as the case may be.
- (3) The cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income, and net trading result).
- (4) Net interest margin is annualised net interest income (calculated as net interest income of the three-month periods ended 31 March 2013 and 2012 multiplied by four) or net interest income for the year as a percentage of total average interest-bearing assets (average loans and advances to credit institutions, average loans and advances to customers, less risk provisions for loans and advances, average trading assets, average financial assets—at fair value through profit and loss, average financial assets—available for sale, average financial assets—held to maturity and average equity method investments, each component calculated as an average for the respective period based on month-end balance sheet data).

The following table shows the calculation of the net interest margin for the three-month periods ended 31 March 2013 and 2012 and the financial years ended 31 December 2012, 2011 and 2010:

in € million	For the three-month period ended 31 March		For the year ended 31 December		
	2013	2012	2012	2011	2010
	unaudited		unaudited, unless otherwise indicated		
<b>Net interest income<sup>(a)</sup></b>	<b>1,240.6</b>	<b>1,336.9</b>	<b>5,235.3</b>	<b>5,569.0</b>	<b>5,439.2</b>
<b>Annualised net interest income</b>	<b>4,962.4</b>	<b>5,347.6</b>	—	—	—
Average loans and advances to credit institutions	10,015	12,145	12,296	15,413	16,018
Average loans and advances to customers	131,130	134,902	133,949	133,764	130,598
less risk provisions for loans and advances	(7,670)	(7,163)	(7,520)	(6,639)	(5,717)
Average trading assets <sup>(b)</sup>	5,845	7,053	6,871	7,155	0
Average financial assets—at fair value through profit and loss	686	1,411	1,048	2,826	3,097
Average financial assets—available for sale	21,683	21,082	22,284	19,136	18,034
Average financial assets—held to maturity	19,002	16,776	17,831	15,670	14,221
Average equity method investments	193	175	712	217	230
<b>Total average interest-bearing assets</b>	<b>180,884</b>	<b>186,381</b>	<b>186,931</b>	<b>187,542</b>	<b>176,481</b>
<b>Net interest margin (in %)</b>	<b>2.74</b>	<b>2.87</b>	<b>2.80</b>	<b>2.97</b>	<b>3.08</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 including comparative financial information for the three-month period ended 31 March 2012, except that annualised net interest income, average loans and advances to credit institutions, average loans and advances to customers, less risk provisions for loans and advances, average trading assets, average financial assets—at fair value through profit and loss, average financial assets—available for sale, average financial assets—held to maturity and average equity method investments are based on internal calculations or information of Erste Group Bank.

(a) Audited for the years ended 31 December 2012, 2011 and 2010.

(b) In the financial year ended 31 December 2010, interest income from trading assets was included in net trading result.

The following table “Capitalisation as presented by Erste Group” also shows the components of Erste Group’s total eligible qualifying capital, the capital requirement and regulatory capital ratios under the Banking Act. While the information as of 31 December 2012, 2011 and 2010 has been calculated on the basis of Austrian GAAP, information as of 31 March 2013 has been calculated on the basis of IFRS. The scope of consolidation for accounting purposes in accordance with IFRS and for regulatory purposes differ, particularly in the treatment of *de minimis* entities, non-financial companies and insurance companies that are not fully consolidated for regulatory purposes. Therefore, the components of regulatory capital deviate from those of consolidated equity, which is prepared for all periods presented in accordance with IFRS. In the first quarter of 2013, Erste Group calculated consolidated regulatory capital and consolidated regulatory capital requirements for the first time based on IFRS. Amounts as of 31 March 2013 and 31 December 2012, 2011 and 2010 therefore are not fully comparable. See “Management’s discussion and analysis of financial condition and results of operations—Capital adequacy”

## Capitalisation as presented by Erste Group

in € million, unless otherwise indicated	As of	As of 31 December		
	31 March 2013 IFRS unaudited	2012	2011 Austrian GAAP unaudited	2010
<b>Core tier-1 capital</b> . . . . .	<b>11,809</b>	<b>11,848</b>	<b>10,681</b>	<b>11,019</b>
Hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act <sup>(1)</sup> . . . . .	375	375	1,228	1,200
<b>Qualifying supplementary capital (tier-2)<sup>(2)</sup></b> . . . . .	<b>4,429</b>	<b>4,074</b>	<b>4,415</b>	<b>3,983</b>
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act . . . . .	(108)	(107)	(125)	(153)
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act . . . . .	(22)	(12)	(36)	(27)
Deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act <sup>(3)</sup> . . . . .	(82)	(164)	(162)	(176)
<b>Short-term subordinated capital (tier-3)</b> . . . . .	<b>300</b>	<b>297</b>	<b>414</b>	<b>374</b>
<b>Total eligible qualifying capital</b> . . . . .	<b>16,701</b>	<b>16,311</b>	<b>16,415</b>	<b>16,220</b>
Risk-weighted basis pursuant to Section 22 (1) Banking Act <sup>(4)</sup> . . . . .	105,067	105,323	114,019	119,844
Core tier-1 ratio—total risk <sup>(5)</sup> (in %) . . . . .	11.2	11.2	9.4	9.2
Tier-1 ratio—total risk <sup>(6)</sup> (in %) . . . . .	11.6	11.6	10.4	10.2
Solvency ratio <sup>(7)</sup> (in %) . . . . .	15.9	15.5	14.4	13.5

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, and unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

- (1) After deduction of direct holdings of own hybrid tier-1 capital pursuant to section 23 (4a) and (4b) Banking Act.
- (2) Qualifying supplementary capital (tier-2) before deductions pursuant to Section 23 (13) 3 and 4 Banking Act.
- (3) 50% tier-1 capital deduction starting on 1 January 2013; until year-end 2012, investments in insurances (holdings) were deducted with 100% from tier-2 capital due to a transitional provision pursuant to section 103e (13) Banking Act. Starting on 1 January 2013 the deductible amounts pursuant to section 23 (13) 4a Banking Act are considered as a 50% deduction from tier-1 capital and 50% deduction from tier-2 capital and are shown as 50% deductions for non-consolidated insurances pursuant to Section 23 (13) 4a Banking Act in the Unaudited Interim Condensed Consolidated Financial Statements.
- (4) The risk-weighted basis pursuant to Section 22 (1) Banking Act, also referred to as base for the capital requirement pursuant to Section 22 (1) Banking Act, is the sum of (i) the risk pursuant to Section 22 (1) 1 Banking Act (credit risk), (ii) the risk pursuant to Section 22 (1) 2 Banking Act (market risk) (iii) the risk pursuant to Section 22 (1) 3 Banking Act (commodities risk and foreign exchange-risk, including the risk arising from gold positions, each for positions outside the trading book) and (iv) the risk pursuant to Section 22 (1) 4 Banking Act (operational risk).
- (5) Core tier-1 ratio—total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (6) Tier-1 ratio—total risk is the ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (7) Solvency ratio is the ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.

The following tables present the credit risk exposure by segment and risk category and non-performing loans and advances to customers by segment and coverage by risk provisions as of 31 March 2013, excluding loans to financial institutions and commitments, by segments, broken down by risk category and credit risk exposure as well as by non-performing loans and advances to customers, risk provisions, NPL ratio and NPL coverage ratio.

## Credit risk exposure by segment and risk category as of 31 March 2013

in € million	Low risk	Management attention	Substandard unaudited	Non-performing	Credit risk exposure
<b>Retail &amp; SME</b> . . . . .	<b>126,423</b>	<b>17,777</b>	<b>3,647</b>	<b>10,956</b>	<b>158,803</b>
Austria . . . . .	72,169	9,106	1,453	3,745	86,472
EB Österreich . . . . .	31,194	2,416	334	1,096	35,040
Savings Banks . . . . .	40,975	6,690	1,119	2,649	51,432
Central and Eastern Europe . . . . .	54,254	8,671	2,194	7,212	72,331
Czech Republic . . . . .	27,184	2,708	580	934	31,407
Romania . . . . .	8,471	2,399	593	3,131	14,593
Slovakia . . . . .	9,704	842	216	411	11,174
Hungary . . . . .	2,790	1,348	402	1,526	6,066
Croatia . . . . .	5,617	1,146	390	1,136	8,288
Serbia . . . . .	488	228	14	74	804
<b>GCIB</b> . . . . .	<b>19,151</b>	<b>3,547</b>	<b>949</b>	<b>1,686</b>	<b>25,333</b>
<b>Group Markets</b> . . . . .	<b>25,323</b>	<b>287</b>	<b>16</b>	<b>3</b>	<b>25,629</b>
<b>Corporate Center</b> . . . . .	<b>8,765</b>	<b>197</b>	<b>348</b>	<b>2</b>	<b>9,311</b>
<b>Total Group</b> . . . . .	<b>179,662</b>	<b>21,808</b>	<b>4,960</b>	<b>12,647</b>	<b>219,077</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

## Non-performing loans and advances to customers by segment and coverage by risk provisions as of 31 March 2013

in € million (unless indicated otherwise)	Non-performing	Total loans and advances to customers unaudited	Risk provisions	NPL ratio <sup>(1)</sup>	NPL coverage ratio <sup>(2)</sup>
<b>Retail &amp; SME</b> . . . . .	<b>10,716</b>	<b>112,159</b>	<b>6,685</b>	<b>9.6%</b>	<b>62.4%</b>
Austria . . . . .	3,571	65,076	2,210	5.5%	61.9%
EB Österreich . . . . .	1,011	27,762	677	3.6%	67.0%
Savings Banks . . . . .	2,561	37,315	1,533	6.9%	59.9%
Central and Eastern Europe . . . . .	7,145	47,083	4,475	15.2%	62.6%
Czech Republic . . . . .	911	17,526	685	5.2%	75.1%
Romania . . . . .	3,122	10,523	1,851	29.7%	59.3%
Slovakia . . . . .	397	6,709	351	5.9%	88.5%
Hungary . . . . .	1,523	5,886	967	25.9%	63.5%
Croatia . . . . .	1,119	5,863	562	19.1%	50.2%
Serbia . . . . .	73	575	59	12.7%	80.8%
<b>GCIB</b> . . . . .	<b>1,513</b>	<b>17,675</b>	<b>946</b>	<b>8.6%</b>	<b>62.5%</b>
<b>Group Markets</b> . . . . .	<b>1</b>	<b>96</b>	<b>0</b>	<b>1.1%</b>	<b>28.0%</b>
<b>Corporate Center</b> . . . . .	<b>2</b>	<b>404</b>	<b>1</b>	<b>0.4%</b>	<b>70.2%</b>
<b>Total Group</b> . . . . .	<b>12,232</b>	<b>130,335</b>	<b>7,632</b>	<b>9.4%</b>	<b>62.4%</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013

(1) The "NPL ratio" is calculated by dividing non-performing loans and advances to customers by total loans and advances to customers.

(2) The "NPL coverage ratio" is the ratio of risk provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers.

## Management's discussion and analysis of financial condition and results of operations

*The following discussion should be read in conjunction with Erste Group's consolidated financial statements, interim condensed consolidated financial statements and the accompanying notes incorporated by reference in this Prospectus as well as the other financial information included elsewhere in this Prospectus, in particular the data presented in "Selected statistical information" and "Risk management". The discussion below includes an analysis of Erste Group's financial condition and historical results of operation. It also includes descriptions of certain factors that have affected, and may continue to affect, Erste Group's business, results of operation and financial condition. The impact of these and other potential factors may vary significantly in the future.*

*In addition, the following discussion includes forward-looking statements, which, although based on assumptions that Erste Group Bank considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of some of those risks and uncertainties, see "General information—Forward-looking statements" and "Risk factors".*

*Financial data in this section relating to the financial years ended 31 December 2012 and 2011 are taken or derived from Erste Group Bank's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 2011, respectively, or are based on the accounting records, internal calculations or information of Erste Group Bank. However, certain financial data relating to the financial year ended 31 December 2010 have been restated in Erste Group's audited consolidated financial statements as of and for the financial year ended 31 December 2011. In particular, the accounting for credit default swaps classified as financial guarantees in periods prior to the financial year ended 31 December 2011 was restated to classify and measure them as financial instruments at fair value through profit and loss. In addition, prior calculations as to the effective interest rates for loans and advances to customers were restated as a result of harmonising and improving certain information technology tools within Erste Group. Financial information included in this section relating to the year ended 31 December 2010 is taken or derived from the audited consolidated financial statements as of and for the financial year ended 31 December 2011. Therefore, the financial data relating to the financial year ended 31 December 2010 are partially different from the financial data included in Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2010. Financial data in this section relating to the three-month periods ended 31 March 2013 and 31 March 2012 are taken or derived from Erste Group Bank's unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013 (including comparative financial information for the three-month period ended 31 March 2012), or are based on accounting records, internal calculations or information of Erste Group Bank.*

*Any financial information in the following tables labelled as "audited" has been taken from the Audited Consolidated Financial Statements. Any financial information in the following tables labelled as "unaudited" has not been taken from those Audited Consolidated Financial Statements.*

*The summary of significant accounting policies and estimates according to which Erste Group's audited consolidated financial statements were prepared is provided below under "Significant accounting policies".*

*The financial information set forth in the text and tables below has been rounded for ease of presentation. Accordingly, in certain cases, the sum of the numbers in a column in a table may not conform to the total figure given for that column. Percentage figures included in the text and tables below have not been calculated on the basis of rounded figures but have rather been calculated on the basis of such amounts prior to rounding.*

## Introduction

Erste Group is a leading banking group focused on retail and corporate customers in Austria and Central and Eastern Europe (“CEE”). Erste Group offers its customers a broad range of services that, depending on the particular market, includes deposit and current account products, mortgage and consumer finance, investment and working capital finance, private banking, investment banking, asset management, project finance, international trade finance, trading, leasing and factoring. Erste Group is among the leading banking groups in Austria, the Czech Republic, Romania and Slovakia by assets, total loans and total deposits, and has significant operations in Hungary, Croatia and Serbia. It serves approximately 16.6 million customers across Austria and its core CEE markets. Erste Group Bank is also the lead bank of the Austrian Savings Banks Sector. As of 31 December 2012, Erste Group had €213.8 billion in total assets and €16.3 billion in total equity and generated €3,472.8 million in operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) and €483.5 million in net profit for the year attributable to owners of the parent for the year ended 31 December 2012. As of the same date, Erste Group had total participation capital of €1,756.6 million. As of 31 March 2013, Erste Group had €213.0 billion in total assets and €16.4 billion in total equity and generated €835.4 million in operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) and €176.2 million in net profit for the period attributable to owners of the parent for the three-month period ended 31 March 2013. As of the same date, Erste Group had total participation capital of €1,756.6 million.

“Erste Group” consists of Erste Group Bank, together with its subsidiaries and participations, including Erste Bank Oesterreich in Austria, Česká spořitelna, a.s. (“Česká spořitelna”) in the Czech Republic, BCR in Romania, Slovenská sporiteľňa, a.s. (“Slovenská sporiteľňa”) in Slovakia, Erste Bank Hungary Zrt (“Erste Bank Hungary”) in Hungary, Erste & Steiermärkische Bank d.d. (“Erste Bank Croatia”) in Croatia, Erste Bank a.d. (formerly Novosadska Banka a.d.), Novi Sad (“Erste Bank Serbia”) in Serbia and, in Austria, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, other savings banks of the *Haftungsverbund* (see “Description of Erste Group’s business—Haftungsverbund”), Immovent, and others. On 29 April 2013, Erste Group completed the sale of Erste Bank Ukraine to the shareholders of Fidobank.

Erste Group had 48,801 employees (full-time equivalents) worldwide as of 31 March 2013 (of which 1,532 (full-time equivalents) were employed by Erste Group Bank).

## Key factors that impact Erste Group’s results of operations

Erste Group believes that the following factors have affected, and may continue to affect, its business, results of operations and financial condition. The impact of these and other factors may vary significantly in the future.

### Economic and banking environments in Austria and Central and Eastern Europe

Erste Group operates predominantly in Austria and Central and Eastern Europe. Accordingly, Erste Group’s results of operations and financial condition have been and will continue to be significantly affected by Austrian and Central and Eastern European political and economic factors. Moreover, macroeconomic factors such as GDP growth, inflation rates, interest rates and currency exchange rates, as well as unemployment rates, average income levels and the general financial situation of consumers and businesses, together with various other factors, have a material impact on Erste Group’s business prospects.

#### *Austria*

Austria recorded real GDP growth of 2.7% in 2011, which was well above the 1.5% average rate of GDP growth in the 27 EU countries (source: Eurostat). For 2012, Austria’s GDP grew by 0.8% compared to an average decline of 0.3% for the European Union (source: Eurostat). With



GDP per capita of €35,800 in 2011 and €36,700 in 2012, Austria is among the most prosperous countries in the European Union and the Eurozone (Eurozone average of €28,300 in 2011 and €28,500 in 2012 (source: Eurostat). In 2012, Austria recorded an average unemployment rate of 4.3% after 4.2% in 2011, both well below the 2011 and 2012 average EU unemployment rates of 9.6% and 10.5%, respectively (source: Eurostat). Consumer price inflation in Austria amounted to 3.6% and 2.6% during 2011 and 2012, respectively, while consumer price inflation in the Eurozone and the European Union during 2011 and 2012 was 2.5% and 2.6%, respectively (source: Eurostat).

The Austrian commercial banking industry, and in particular the retail banking sector, is highly competitive, with a large number of banks, substantial pricing pressure, relatively high operating costs and relatively low profit margins (before risk costs). In addition, with total domestic assets of Austrian banks amounting to approximately 231% of GDP in 2011 and approximately 219% of GDP in 2012 (source: Eurostat and OeNB), growth in banking services is limited due to the existing high degree of penetration. Nevertheless, Erste Bank Oesterreich and the savings banks increased their customer base from 3.2 million customers in 2011 to 3.3 million customers in 2012, while Erste Group's total retail and SME loans and advances to customers in Austria declined slightly by 0.1% to approximately €65.7 billion in 2012. As of 31 March 2013, the customer base of Erste Bank Oesterreich and the savings banks remained stable at 3.3 million customers, while Erste Group's total retail and SME loans and advances to customers in Austria declined by 1.0% to €65.1 billion.

### ***Central and Eastern Europe***

Central and Eastern Europe is a large and diverse region that has generally experienced strong economic growth over the past two decades. However, local banking services remain relatively underdeveloped throughout parts of the region and the increasing demand for banking services in the region continues to offer opportunities for growth. Erste Group has significant banking subsidiaries in the Czech Republic, Romania, Slovakia, Croatia and Hungary, and, to a lesser extent, Serbia. Consistent with Erste Group's strategic focus on the markets in the Eastern part of the European Union and countries with a prospect of joining the European Union, these countries are the current focus of its operations and planned operations in Central and Eastern Europe. All of these countries started with relatively low levels of GDP when their markets began to open up after 1989, and many of them experienced relatively high rates of GDP growth in the years leading up to the global economic and financial crisis. For example, the average annual real GDP growth rates in the Czech Republic, Romania and Slovakia were 5.3%, 6.7% and 7.4%, respectively, during the five-year period ended 31 December 2008 (source: Czech Statistical Office, National Institute of Statistics and Slovak Statistical Office). In 2009, there was a marked deterioration in the CEE region's key economic indicators and its growth prospects as the global economic and financial crisis strongly affected its economies. For example, in 2009, GDP in each of the Czech Republic, Romania and Slovakia decreased significantly by 4.5%, 6.6% and 4.9%, respectively (source: Czech Statistical Office, National Institute of Statistics and Slovak Statistical Office). In 2010, GDP growth rates in the Czech Republic, Romania and Slovakia improved to 2.3%, negative 1.1% and 4.4%, respectively; in 2011, GDP growth rates in those three countries were 1.8%, 2.4% and 3.2%, respectively (source: Czech Statistical Office, National Institute of Statistics and Slovak Statistical Office). In 2011, growth in Central and Eastern Europe was driven primarily by the export sector, with the Czech Republic and Slovakia benefitting from increased exports of manufactured products, such as vehicles, machinery and electrical equipment. Unemployment rates declined in both countries along with private consumption growth and government spending, resulting in decreases in real GDP growth from 2010 to 2011. Romania also returned to modest growth in 2011, due in large part to strong agricultural output. In 2012, GDP in the Czech Republic contracted by 1.2% and in Slovakia grew by 2.0% (source: Czech Statistical Office and Slovak Statistical Office), primarily as a result of weaker exports. In 2012, GDP in Romania grew only modestly by 0.7% (source: National Institute of Statistics).

By contrast, Hungary's and Croatia's economies struggled to fully recover from the global economic and financial crisis. GDP growth rates in Hungary and Croatia reached 1.3% and negative 2.3%, respectively, in 2010 and improved only slightly to 1.6% and 0.0% in 2011 (source: Croatian Bureau of Statistic and Central Statistical Office). In 2011, unemployment in Hungary and Croatia remained at elevated levels at 10.9% and 13.4%, respectively, and private consumption growth in each country remained almost unchanged (source: Croatian Bureau of Statistic and Central Statistical Office). In 2012, GDP in Hungary and Croatia declined by 1.7% and 2.0%, respectively (Croatian Bureau of Statistic and Central Statistical Office), when both economies entered a recession.

While historical GDP growth has led to a considerable degree of overall economic convergence with Western Europe, which Erste Group generally expects to continue over the long term, economic recovery and improvement in financial conditions have not been uniform throughout Central and Eastern Europe, which is a region characterised by a considerable degree of heterogeneous developments. However, the global economic and financial crisis has, despite the underlying growth trend in banking and financial services, led to a phase of consolidation throughout Central and Eastern Europe. Over time, Erste Group expects that economic growth and the growth of banking services in the CEE region may normalise at lower but more sustainable levels than prior to the crisis but still exceed growth levels in Western Europe. Accordingly, Erste Group expects that the trend of convergence between the banking markets in Austria and in Central and Eastern Europe will continue.

#### **European and global economic conditions**

The European and global banking industries were severely affected by the global economic and financial crisis that started in the second half of 2007 and contributed to significant revaluations and write-downs of assets by financial institutions. One of the primary effects of the global economic and financial crisis on the Austrian and CEE banking systems was an increase in loan delinquency rates and the level of non-performing loans. As of 31 March 2013 and 31 December 2010, 2011 and 2012, the total amount of Erste Group's non-performing loans and advances to customers were €12,232 million, €10,050 million, €11,388 million and €12,098 million, respectively.

Although the global economy somewhat recovered in 2010 and the first half of 2011, widespread concern with levels of public sector debt and with the stability of banks in certain European countries, including Spain, Greece, Portugal, Italy and Ireland and more recently Cyprus and Slovenia, had a negative impact on macroeconomic conditions. During the second half of 2011 and the first half of 2012, global economic conditions weakened as real GDP declined in many economies. After tentative signs of recovery during the first quarter of 2012, concerns regarding European sovereign debt risk increased as a result of political uncertainty in Greece and challenging fiscal outlooks in Spain and Italy. These conditions contributed to wider credit spreads, lower global equity prices and higher levels of volatility. While certain of these developments may not impact Erste Group directly because, among other reasons, it does not operate in these countries, they impact Erste Group indirectly because economies in the European Union are closely interconnected and certain of Erste Group's customers in Austria and in CEE may be exposed to risk in such countries. Furthermore, Erste Group's customers remain exposed to other external financial, economic and political events, and Erste Group's performance will continue to be influenced by conditions in the European and international economies. The outlook for the global economy over the near to medium term remains challenging, which also impacts prospects for stabilisation and improvement of economic and financial conditions in Erste Group's core markets. See *"Risk factors—Risks related to the business of Erste Group—Difficult macroeconomic and financial market conditions may have a material adverse effect on Erste Group's business, financial condition, results of operations and prospects"*.

## Regulatory environment

Many of the changes or anticipated developments in EU and national laws, regulations, policies and interpretations of laws relating to the banking sector and financial institutions, including the recent proposal of a single supervisory mechanism and more integrated banking union within the European Union, have affected and will continue to affect the regulatory environment of Erste Group's business significantly. Erste Group's business is influenced by regulatory requirements to maintain certain capital and liquidity ratios, which may require Erste Group to reduce its risk-weighted assets, may limit the further growth of Erste Group's business or may require Erste Group to obtain additional capital or liquid funds in the future. Further, regulatory developments frequently expose Erste Group to additional costs and liabilities, require it to change how it conducts its business or may otherwise have a negative impact on its business, the products and services it offers and the value of its assets. If Erste Group is unable to increase its capital ratios sufficiently, its ratings may drop and its cost of funding may increase.

In the wake of the global economic and financial crisis, the Basel Committee on Banking Supervision (the "Basel Committee") finalised new rules in mid-2010 regarding the capital requirements applicable to trading activities. These rules, commonly referred to as Basel 2.5, have significantly increased applicable capital requirements by introducing new risk measures and by mandating specified capital treatment for certain identified asset classes. In December 2010, the Basel Committee published its final standards on the revised capital adequacy framework, known as Basel 3, which tighten the definition of capital, require banks to maintain capital buffers and introduce liquidity ratios. In 2011, the European Commission proposed the Europe-wide implementation of Basel 3 through a legislative package referred to as CRR/CRD IV, which will further increase the quality and quantity of required capital, increase capital requirements for derivative positions and introduce a new liquidity framework as well as a leverage ratio. This legislative package is now likely to enter into force in the European Union on 1 January 2014 with various provisions to be phased in over time by 2019. In addition, EBA, in response to ongoing market concerns over the ability of banks to absorb potential losses associated with sovereign debt, brought into focus by the ongoing European sovereign debt crisis, required a group of 70 large banks in the European Economic Area, including Erste Group, to achieve an exceptional and temporary capital ratio of 9% of core tier-1 capital. This capital ratio was calculated in accordance with the Basel 2.5 rules and specifically took into account certain EBA definitions (e.g., non-consideration of private participation capital in a total amount of €540 million against banks' credit, operational and market risks, after accounting for certain criteria including the valuation of sovereign debt). Due to regulatory changes, various instruments issued in the past will lose regulatory recognition as own funds or drop into lower categories than those in which they were initially recognised. Moreover, in March 2012, the FMA published supervisory guidance on the strengthening of the sustainability of the business models of large, internationally active, Austrian banks, which included the requirement for Austrian parent financial institutions to submit recovery and resolution plans before the end of 2012 in order to proactively prepare for European frameworks under discussion. The supervisory guidance also foresees increased capitalisation requirements for banking groups reflected in the full implementation of the quantitative and qualitative Basel 3 rules with respect to common equity tier-1 capital, *i.e.*, a common equity tier-1 capital ratio of 7% (without making use of any related transitional provisions, except for the Participation Capital subscribed under the Austrian Financial Market Stabilisation Act 2008) beginning in 2013. In this respect, the FMA has indicated that it will implement an additional common equity tier-1 capital requirement to banking groups at a consolidated level of up to 3% beginning in 2016, while the level of the additional common equity tier-1 capital requirement will depend on the systemic relevance of the particular banking group. In addition, strengthened local stable funding bases of subsidiaries through so-called "loan-to-local stable funding ratios", *i.e.*, the funding of loans through the local deposit base will be required. In addition, the European Commission has proposed a Recovery and Resolution Directive (the "RRD") that will be transposed in the member states' laws. The

RRD establishes a framework for the recovery and resolution of credit institutions and requires EEA credit institutions to draw up “recovery and resolution plans” that set out certain arrangements and measures that may be taken to restore the long-term viability of the financial institution in the event of a material deterioration of its financial position. The RRD aims at harmonising EU-wide principles for recovery and resolution procedures for banks, such as the requirement to set up recovery and resolution plans, early intervention by supervisory authorities and certain resolution measures, including a bail-in tool, and establishing a pre-funded resolution fund. The final decision on the RRD that, if adopted, will enter into force by 2015, is currently scheduled for late June 2013. For Erste Group, the RRD would impose a detailed framework for recovery and resolution plans at the group level and, for certain members of the group, on an individual level. See *“The Austrian banking system”, “Selected information on certain CEE banking systems”, “Risk management—Current topics—Current regulatory topics” and “Risk factors—Risks related to the business of Erste Group—New regulatory or governmental requirements and changes in perceived levels of adequate capitalisation, liquidity levels and leverage could subject Erste Group to increased capital and liquidity requirements or standards and require it to obtain additional capital or liquidity in the future”*.

In addition, several countries in which Erste Group operates have introduced special banking taxes. In Austria, the banking tax was introduced in 2011 and, following a 25% increase in 2012, Erste Group’s Austrian banking tax amounted to €165.2 million in 2012 after €132.1 million in 2011. In Slovakia, a banking tax was newly introduced in 2012 and resulted in a charge of €31.5 million for 2012. In Hungary, the banking tax amounted to €47.3 million in 2012, while in 2011 it was offset against losses resulting from legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below the prevailing exchange rates in the market. In the three-month period ended 31 March 2013, Erste Group paid a total of €71.6 million in banking taxes in Austria, Slovakia and Hungary. Furthermore, the European Commission has proposed to introduce an EU financial transaction tax within the EU by 2014, and EU member states have agreed that a financial transaction tax may be introduced only by certain EU member states, including Austria, Slovakia and Hungary, rather than throughout the EU in a uniform manner. In June 2013, the Hungarian government announced its plans to increase the existing financial transaction tax applicable to cash and non-cash financial transactions and to impose an additional one-off tax on banks that will be linked to financial transaction tax obligations during the first four months of 2013. These banking taxes and current and potential financial transaction taxes directly impact Erste Group’s other operating result, and increases in banking taxes or the imposition of new banking and financial transaction taxes on Erste Group’s subsidiaries negatively affect its results of operations.

### **Stable deposit base**

Erste Group’s focus on retail banking provides it with a comparatively stable deposit base and funding base for its lending business, which supports a stable stream of net interest income. Despite the disruptions and turbulences in financial markets in recent years, Erste Group believes that the recent volatility in the financial markets and uncertain economic conditions attracted customers to the security of deposit accounts, such as savings and term deposits. Customer deposits increased during 2010, 2011 and 2012 in nearly all of Erste Group’s customer segments, and overall customer deposits grew by 1.6% from a total €117.0 billion as of 31 December 2010 to a total of €118.9 billion as of 31 December 2011, and further by 3.5% to a total of €123.1 billion as of 31 December 2012. As of 31 March 2013, customer deposits remained unchanged compared to 31 December 2012 and totalled €123.1 billion. Interest income from lending and money market transactions with customers, the primary driver of Erste Group’s net interest income, increased from a total of €6,333.6 million for the year ended 31 December 2010 to a total of €6,426.5 million for the year ended 31 December 2011, and decreased to a total of €5,957.8 million for the year ended 31 December 2012. For the three-month period ended 31 March 2013, interest income from lending and money market transactions with customers amounted to €1,313.6 million. The decrease in net interest income

from 2011 to 2012 reflected several factors, *inter alia*, lower retail lending volumes due to customers' reluctance to borrow or otherwise incur debt under conditions of financial uncertainty, stricter standards in Erste Group for the granting of loans, anticipated stricter capital requirements, the continued reduction of interest-bearing non-core assets in the International Business as well as higher volumes of customer deposits. Total retail and SME loans increased by only 0.9% from 2010 to 2011 and decreased by 0.7% from 2011 to 2012 (not including Erste Bank Ukraine which was classified as "Assets held for sale") despite historically low interest rates in several countries, such as Austria and the Czech Republic.

### **Interest rates**

Net interest income accounts for a significant portion of Erste Group's operating income, and the level of interest rates is one of the key drivers of net interest income. Interest rates earned and paid on Erste Group's interest-bearing assets and interest-bearing liabilities reflect shifts in short-term interest rates set by central banks as well as changes in long-term interest rates, current and expected future levels of inflation. As Erste Group's net interest margin reflects the difference between the average rate earned on its interest-bearing assets and the average rate payable on its interest-bearing liabilities, changes in interest rates can have a significant impact on its net interest margin. The net interest margin does not, however, reflect risk costs in connection with risk provisions for loans and advances.

Fluctuations in short-term and long-term interest rates impact Erste Group's net interest income differently based upon the re-pricing profile of Erste Group's interest-bearing liabilities and interest-bearing assets. Erste Group's re-pricing profile depends upon the pricing terms applicable to its particular products, the mix of funding and lending instruments in Erste Group's portfolio and the extent of its use of interest rate-related derivatives. As a general matter, a decrease in interest rates negatively impacts Erste Group's net interest income. Erste Group's portfolio is not characterized by a high degree of sensitivity to changes in Euro interest rates because re-pricing effects on interest-bearing liabilities and interest-bearing assets are largely offset. A higher degree of sensitivity exists with more interest-bearing money market-linked assets denominated in Czech koruna and a higher share of administered products in interest-bearing liabilities. Administered liabilities, such as demand deposits and current accounts, frequently offer an attractive funding base as interest rates paid are relatively low and insensitive to changes in market interest rates. If market interest rates decline further, the re-pricing potential is therefore limited. If, however, market interest rates increase, administered liabilities are relatively insensitive to changes in interest rates so that interest rates paid on interest-bearing liabilities do not increase in line with increases in interest rates earned on interest-bearing assets. As a result, the overall net interest margin increases in such an environment.

Net interest income increased by 2.4% from 2010 to 2011 and decreased by 6.0% from 2011 to 2012. Over the same period, short-term interest rates remained at or near historic lows in Austria, Slovakia and the Czech Republic and declined overall in nearly all of Erste Group's other core markets in Central and Eastern Europe. This low interest rate environment, combined with subdued credit demand for consumer loans, has contributed to a contracting overall net interest margin at the group level from 3.08% in 2010 to 2.97% in 2011 and 2.80% in 2012 and 2.74% in the three-month period ended 31 March 2013.

### **Risk provisions for loans and advances**

Erste Group's financial results are significantly affected by the level of risk provisions for loans and advances. The amount of risk provisions for loans and advances depends on the credit quality of loans and advances, which is influenced, among other things, by the development of general economic conditions and tends to deteriorate when general economic development is weak. The level of risk provisions for loans and advances for retail loans particularly depends on developments in unemployment rates and levels of disposable income and may be exacerbated by foreign currency developments if loans have been granted to individuals in



non-local currencies and such individuals do not have corresponding foreign currency income. The amount of risk provisions also depends on expected recovery ratios and the expected value of available collateral which in turn depend on general economic conditions and prospects. Erste Group also sells portfolios of unsecured non-performing loans and prices achieved on such sales may be higher or lower than the NPL coverage ratio. Gains and additional losses in connection with such portfolio sales of unsecured non-performing loans may therefore increase the volatility in Erste Group's quarterly results of operations.

As of 31 December 2011, total risk provisions for loans and advances increased by €908 million, or 14.8%, from €6,119 million as of 31 December 2010 to €7,027 million as of 31 December 2011. The increase in 2011 was primarily attributable to extraordinary provisions in Hungary in the amount of €450.0 million as a consequence of new legislation in Hungary allowing for the early repayment of foreign currency loans at non-market rates and an increase in the NPL coverage ratio. As of 31 December 2012, risk provisions for loans and advances increased to €7,644 million, mainly due to higher volumes of non-performing loans in several countries in Central and Eastern Europe during 2012, particularly in Romania and Croatia. At the same time, the ratio of Erste Group's non-performing loans (NPL ratio or ratio of non-performing loans and advances to customers as a percentage of total loans and advances to customers) increased from 7.6% as of 31 December 2010 to 8.5% and 9.2% as of 31 December 2011 and 2012, respectively. As of 31 December 2012, coverage of the non-performing loans and advances to customers (NPL coverage ratio or ratio of loan loss provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers) had increased to 62.6% from 61.0% as of 31 December 2011 and 60.0% as of 31 December 2010. In the first quarter 2013, risk provisions for loans and advances increased by €51 million to €7,695 million compared to 31 December 2012, and non-performing loans and advances to customers increased by €134 million to €12,232 million, in each case primarily as a result of deteriorating loan portfolios in Romania and Croatia and in the Group Corporate and Investment Banking (GCIB) segment. As of 31 March 2013, the ratio of Erste Group's non-performing loans (NPL ratio or ratio of non-performing loans and advances to customers as a percentage of total loans and advances to customers) increased slightly to 9.4% and the coverage of the non-performing loans and advances to customers (NPL coverage ratio or ratio of risk provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers) amounted to 62.4%.

### **Goodwill impairment**

For the financial year ended 31 December 2011, the carrying amount of goodwill on Erste Bank's consolidated balance sheet declined by €1,087 million from €3,259 million as of 31 December 2010 to €2,172 million as of 31 December 2011. The decline was primarily attributable to a goodwill impairment charge of €692.8 million related to Banca Comercială Română as a result of lower banking sector profitability in Romania and a negative macroeconomic outlook. It also included a €312.7 million write-off in September 2011 of the entire amount of goodwill related to Erste Bank Hungary following difficult economic conditions in Hungary and the adoption of legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. For the financial year ended 31 December 2012, Erste Bank wrote down additional goodwill in a total amount of €514.9 million, primarily related to Banca Comercială Română and certain other participations. As of 31 December 2012, Erste Group's consolidated balance sheet included €1,626 million of goodwill, predominantly comprised of goodwill of €597.4 million from Banca Comercială Română in Romania, goodwill of €543.1 million from Česká spořitelna in the Czech Republic and goodwill of €226.3 million from Slovenská sporiteľňa in Slovakia. Economic downturn or slower return to projected economic growth may in the future lead to higher than expected risk provisions for loans and advances to customers in Erste Bank Croatia and as a consequence may result in the impairment of goodwill which amounted to €113.4 million as of 31 March 2013.



### **Reclassification of CDS portfolio**

In 2011, due to volatility in the capital and financial markets, the management of Erste Group analysed the outstanding portfolio of credit default swaps that were held within its International Business with a view to Erste Group's strategic business orientation. Based on this analysis, the accounting of these instruments classified in prior periods as financial guarantees was restated to classify and measure them as financial instruments at fair value through profit and loss. The restatement of Erste Group's CDS portfolio resulted in a reduction of total comprehensive income in an amount of €131.8 million for 2010. As of 31 December 2011, the outstanding notional value of this portfolio held within the International Business had been reduced to €57 million. During 2012, all remaining positions matured or were sold. As a result, as of 31 December 2012 there were no remaining positions from the former financial guarantees portfolio, whereas CDS in the trading book on single names and credit indices are exclusively used for hedging of underlying exposures and for customer business.

### **General administrative expenses**

Erste Group's results of operations also depend on its ability to control general administrative expenses. In line with its general objective to manage costs strictly, Erste Group maintained its general administrative expenses at relatively constant levels (€3,816.8 million in 2010, €3,850.9 million in 2011 and €3,756.7 million in 2012). As a result, Erste Group's cost/income ratio, *i.e.*, the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income, and net trading result) was at 50.2% in 2010, 51.5% in 2011 and 52.0% in 2012. For the financial year ended 31 December 2012, personnel expenses accounted for 60.8% of Erste Group's total general administrative expenses, compared to 60.3% and 59.3% in 2011 and 2010, respectively. Personnel expenses are primarily driven by the number of Erste Group's employees as well as wages and salaries, social security contributions and underlying trends related to collective bargaining agreements and social security legislation. Other administrative expenses, which include IT expenses, office space and operating expenses, advertising and marketing costs as well as legal and consulting expenses also comprise a significant portion of general administrative expenses. These other administrative expenses accounted for 29.4% of Erste Group's total general administrative expenses in 2012, compared to 29.9% in 2011 and 30.5% in 2010. In 2011 and 2012, cost savings were achieved in these expenses through reductions in IT costs and lower office-related expenses. The final component of Erste Group's total general administrative expenses is depreciation and amortisation, which is primarily linked to software and other intangible assets, real estate and office furniture and equipment and accounted for 10.1%, 9.7% and 9.8% of general administrative expenses in 2010, 2011 and 2012, respectively. Erste Group is able to directly influence certain parts of its cost base, for example through cost efficiency programmes, bonus management, marketing expenditures and the level of investment in expanding its business. In addition, external factors exist that influence Erste Group's cost base which include wage inflation, administration costs, increases in VAT tax rates for products and services sourced by Erste Group as well as rental and other operating expense inflation. In the first quarter 2013, general administrative expenses amounted to €931.2 million compared to €945.1 million in the first quarter 2012 while Erste Group's cost/income ratio stood at 52.7% in the first quarter 2013 compared to 50.8% in the first quarter 2012. In the first quarter 2013, personnel expenses accounted for 60.6%, other administrative expenses for 29.8% and depreciation and amortisation for 9.6% of Erste Group's total general administrative expenses, compared to 60.4%, 30.0% and 9.6%, respectively, in the first quarter 2012.

### **Effects of currency fluctuations**

Erste Group prepares its consolidated financial statements in Euro, which is also the functional currency of Erste Group Bank. However, except for Erste Group's Austrian and Slovak entities, all other entities within Erste Group have functional currencies other than the Euro and prepare their financial statements in their respective local currencies. When preparing its consolidated balance sheet, Erste Group Bank translates non-Euro denominated assets and

liabilities into Euro at the exchange rates quoted by the ECB on the relevant balance sheet date. Statements of comprehensive income for Erste Group entities with non-Euro functional currencies are translated into Euro at monthly average exchange rates. Therefore, changes in exchange rates may impact Erste Group's reported financial results. Moreover, exchange rate movements may affect capital adequacy either positively or negatively. For example, if the Euro appreciates against other currencies in the CEE countries in which Erste Group operates, assets, liabilities, risk-weighted assets and capital in foreign currencies convert into smaller Euro-denominated amounts. Conversely, if the Euro depreciates against other currencies in the CEE countries in which Erste Group operates, then assets, liabilities, risk-weighted assets and capital in foreign currency convert into greater Euro-denominated amounts. However, the impact of currency fluctuations on the calculation of capital adequacy ratios depends on the relative contribution of the respective subsidiary to Erste Group's regulatory capital and risk-weighted assets denominated in non-local currencies.

Erste Group is also exposed to currency fluctuations through its lending activities in currencies other than the relevant local currency. For example, as of 31 March 2013, Erste Group had outstanding loans and advances denominated in Swiss francs and U.S. dollars in aggregate amounts of €12,088.9 million (as of 31 December 2012: €12,800.7 million) and €1,595.1 million (as of 31 December 2012: €1,641.7 million) primarily to customers in Austria, Croatia and Hungary. The decrease in loans and advances denominated in Swiss francs occurred primarily in Austria and Hungary, while the decrease in loans and advances denominated in U.S. dollars was primarily attributable to a reduction in the GCIB segment. Following the completion of the sale of Erste Bank Ukraine on 29 April 2013, the portion of assets in U.S. dollars is likely to decrease.

As of 31 December 2012, Erste Group also had outstanding loans and advances to customers outside of Austria and Slovakia in Euro. If local currencies decline in value relative to the Swiss franc, the U.S. dollar or the Euro and customers do not have corresponding income in Swiss francs, U.S. dollars and Euros, customers need to convert larger amounts of their local currency into Swiss francs, U.S. dollars or Euros in order to make interest and principal payments on loans. As this consequently exposes Erste Group to an increased risk of default on such loans and, in turn, increased risk costs, Erste Group has taken several measures aimed at reducing the overall level of risk and risk costs in connection with loans and advances in non-local currencies. In particular, Erste Group has generally ceased granting foreign currency loans to customers who do not have corresponding foreign currency income (except for certain Euro-denominated loans to customers in Serbia and Croatia for which the requirements have been significantly tightened), has introduced campaigns, especially in Austria, to encourage customers to convert foreign currency loans to local currency loans and, more generally, is increasingly focused on local currency lending funded from locally available liquidity. In addition, Erste Group has discontinued granting Swiss francs and Euro loans to customers in Hungary. As of 31 December 2012, 9.7% and 1.2% of Erste Group's total loans and advances to customers were denominated in Swiss francs and U.S. dollars, respectively. During the first quarter 2013, the share of loans and advances to customers denominated in Swiss francs and U.S. dollars decreased to 9.3% and 1.2%, respectively. As of 31 March 2013, 31.9% (as of 31 December 2012: 33.3%) of Erste Group's total loans and advances to customers booked outside of Austria and Slovakia were denominated in Euro.

## **Segment reporting**

Segment reporting of Erste Group follows the presentation and measurement requirements according to IFRS.

### **Retail & SME**

The Retail & SME segment includes business with all retail customers and small and medium enterprises ("SME"). It is subdivided into the subsegments focusing on Erste Group's local customer business and encompasses Austria and CEE as regions. The Austria region is split into the Erste Bank Oesterreich subsegment (including Salzburger Sparkasse, Tiroler Sparkasse and Sparkasse Hainburg-Bruck-Neusiedl in which Erste Bank Oesterreich holds majority interests) and the savings banks subsegment consolidated under the *Haftungsverbund*.

The CEE region is subdivided into subsegments according to the major local subsidiaries operating in the CEE countries, comprising BCR (Romania), Česká spořitelna (Czech Republic), Slovenská sporiteľňa (Slovakia), Erste Bank Hungary (Hungary), Erste & Steiermärkische bank d.d. ("Erste Bank Croatia") (Croatia), Erste Bank a.d. (formerly Novosadska Banka a.d.) ("Erste Bank Serbia") (Serbia), and Erste Bank Ukraine (Ukraine). On 29 April 2013, Erste Group completed the sale of Erste Bank Ukraine to the shareholders of Fidobank.

### **Group Corporate & Investment Banking**

The Group Corporate and Investment Banking (GCIB) segment includes the large corporate business, the real estate business of Erste Group with large corporate customers, equity capital markets (from the second quarter of 2012) as well as the investment banking subsidiaries in Central and Eastern Europe and the International Business (excluding treasury activities). The leasing subsidiary Erste Group Immorent is also included in this segment. GCIB offers a wide range of services, including debt financing, equity capital markets, merger and acquisition financing and advisory services, debt advisory, infrastructure finance, project finance, syndication, real estate development, lending and leasing and transaction banking. The International Business of GCIB is designed as the opportunistic portfolio that covers lending and investment activities outside of Erste Group's core markets and is responsible for business development with banks and non-bank financial institutions. In accordance with Erste Group's strategic objective to discontinue non-core activities, the International Business portfolio will continue to be reduced over time.

### **Group Markets**

The Group Markets (GM) segment comprises the Group Treasury and Group Capital Markets businesses and includes the treasury activities of Erste Group Bank, the CEE subsidiaries, the foreign branch offices in Hong Kong, New York, Berlin and Stuttgart as well as the result of Erste Asset Management. Group Capital Markets has a focus on key markets of Erste Group's retail and corporate business. In the case of institutional clients, Group Capital Markets covers the full customer relationship and all interactions with the clients. Institutional sales teams have been established in Germany, Poland and the United Kingdom. In addition, Group Capital Markets is the internal trading unit for all standard treasury products, such as foreign exchanges, commodities and money market transactions, and capital market products, such as bonds, interest rate derivatives, and credit and equity products.

### **Corporate Center**

The Corporate Center (CC) segment is split into two parts: (1) Effects from intra-group eliminations between segments and subsegments are reported separately as "intra-group eliminations". Intra-group eliminations consist of internal revenues and expenses charged between subsegments and eliminated at group level. The underlying transactions mainly relate to internal services from IT, procurement, facility management services to banking subsidiaries, rental income from operating lease and investment property and derivative businesses. Intra-group elimination between businesses within the same subsegment is allocated to the respective subsegment. (2) Furthermore, the Corporate Center segment comprises balance sheet management, dividends (elimination of dividends at group level) and refinancing costs of fully-consolidated subsidiaries, general administrative expenses for group centre functions that cannot be directly allocated to another segment or a particular subsegment and the Austrian banking tax payable by Erste Group Bank. In addition, the Corporate Center segment includes the results of non-profit companies (particularly service businesses) and subsidiaries that cannot be directly allocated to another segment or a particular subsegment, straight-line amortisation of customer relationships (particularly, BCR, Erste Card Club, and Ringturm KAG, as well as one-off effects which, in order to ensure comparability, are not allocated to another segment or a particular subsegment. Moreover, the Corporate Center segment includes the equity which is not allocated to any other segment or subsegment.

## Significant accounting policies

Erste Group prepares its consolidated financial statements in accordance with IFRS. Erste Group's management selects and applies certain accounting policies that management believes are important for the understanding of Erste Group's financial condition and results of operations.

The following paragraphs describe those accounting policies that management believes are important for the understanding of Erste Group's consolidated financial statements and that involve the most complex judgements and assessments. The estimates and assumptions used are based on historical experience and other factors, such as planning as well as expectations and forecasts of future events that are currently deemed to be reasonable. As a consequence of the uncertainty associated with these assumptions and estimates, actual results could in future periods lead to adjustments in the carrying amounts of the related assets or liabilities. A more detailed description of Erste Group's accounting policies can be found in the notes to the Consolidated Financial Statements incorporated by reference in this Prospectus.

### Consolidation

All material investments in subsidiaries are fully consolidated. IAS 27 (Consolidated and Separate Financial Statements) defines a subsidiary as an entity controlled by the parent entity, with control presumed to exist if the parent owns more than one half of the voting power.

Erste Group Bank is a member of the *Haftungsverbund* of the Austrian savings banks sector. As of 31 March 2013, almost all of Austria's savings banks, in addition to Erste Group Bank and Erste Bank Oesterreich, formed part of the *Haftungsverbund*.

The provisions of the agreement governing the *Haftungsverbund* are implemented by a steering company, *Haftungsverbund GmbH* ("Steering Company"). Erste Group Bank indirectly always holds at least 51% of the share capital of the Steering Company, through Erste Bank Oesterreich. Two of the four members of the Steering Company's management, including the CEO, who has the decisive vote, are appointed by Erste Bank Oesterreich. The Steering Company is vested with the power to monitor the common risk policies of its members. If a member encounters serious financial difficulties—this can be discerned from the specific indicator data that is continually generated—the Steering Company has the mandate to provide support measures and/or to intervene, as required, in the business management of the affected member savings bank. As Erste Group Bank owns the controlling interest in the Steering Company, it exercises control over the members of the *Haftungsverbund*. In accordance with IFRS, all *Haftungsverbund* members are therefore fully consolidated.

Investments in companies over which Erste Group Bank exercises a significant influence (associated undertakings, or "associates") are accounted for under the equity method. As a rule, significant influence is given by an ownership interest of between 20% and 50%. Under the equity method, an interest in an associate is recognised in the balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity. The group's share of the associate's profit or loss is recognised in the income statement. Entities accounted for under the equity method are recognised largely on the basis of annual financial statements at and for financial years ended 31 December.

### Financial instruments

IAS 39 (Financial Instruments: Recognition and Measurement) establishes principles for recognising and measuring information about financial instruments. It requires that all financial assets and liabilities, including all derivative instruments, are shown on the balance sheet. Financial instruments are initially recognised at fair value, which generally is the transaction price of the consideration given or received for the instrument.

### Fair value option

Financial instruments which are not held for trading and are designated as measured at fair value, with changes in fair value recognised in profit or loss are reported under such line item.

Erste Group uses the fair value option for financial assets managed on a fair value basis and for hybrid financial liabilities.

### **Determination of fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

The best indication of the fair value of financial instruments is provided by quoted market prices in an active market. Where quoted market prices in an active market are available, they are used to measure the financial instrument (level 1 of the fair value hierarchy). The measurement of fair value at Erste Group is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). Where no market prices are available, fair value is determined on the basis of valuation models that are based on observable market information (level 2 of the fair value hierarchy). In some cases the fair value of financial instruments can be determined neither on the basis of market prices nor on valuation models that rely on observable market data. In this case, individual valuation parameters not observable in the market are estimated on the basis of reasonable assumptions. If any of the significant valuation inputs is not observable the fair value measurement belongs to level 3 in the fair value hierarchy.

Erste Group employs only generally accepted, standard valuation models. Net present values are determined for linear derivatives (e.g., interest rate swaps, cross-currency swaps, foreign exchange forwards and forward rate agreements) by discounting the replicating cash flows. Plain vanilla OTC options (on shares, currencies and interest rates) are valued using option pricing models of the Black-Scholes class; complex interest rate derivatives are measured using Hull-White and/or Brace Gatarek Musiela (BGM) models. Erste Group uses only valuation models which have been tested internally and for which the valuation parameters (such as interest rates, exchange rates and volatility) have been determined independently.

### **Risk provisions**

Financial assets, including loans, accounted for at amortised cost, are evaluated for impairment, and required provisions are estimated in accordance with IAS 39. Impairment exists if the book value of a claim or a portfolio of claims exceeds the present value of the cash flows actually expected in future periods. These cash flows include scheduled interest payments, principal repayments or other payments due (for example on guarantees), including liquidation of collateral where available.

The total provision for credit losses consists of two components: specific counterparty provisions, and collectively assessed provisions. The specific counterparty component applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows expected to be received based on the incurred losses. In estimating these cash flows, management exercises judgements about a counterparty's financial situation and the net realisable value of any underlying collateral or guarantees in Erste Group's favour. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable is determined. Collectively assessed credit risk provisions cover credit losses inherent in portfolios of claims with similar economic characteristics where there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss provisions, management considers factors such as credit quality, portfolio size, concentrations and economic factors. In order to estimate the required provision, Erste Group makes assumptions both to define the way it models inherent losses and to determine the required input parameters based on historical experience and current economic conditions.

The accuracy of the provisions that Erste Group makes depends on how well Erste Group estimates future cash flows for specific counterparty provisions and the model assumptions and parameters used in determining collective provisions. While this necessarily involves judgement, management believes that Erste Group's provisions are reasonable and supportable.



## **Derivative instruments and hedge accounting**

IAS 39 sets out rules for hedge accounting applicable to derivative instruments and hedged items.

If a derivative instrument is designated as a fair value hedge, changes in the derivative instrument's fair value are recognised as income or loss, as are changes in the fair value of the related hedged item with respect to the hedged risk. If the derivative instrument no longer meets the criteria for hedge accounting, the adjustment to its carrying value is amortised through profit and loss over the period of maturity.

If a derivative instrument is designated as a hedge of the variability in expected future cash flows related to particular risks, changes in the fair value of the derivative instrument are reported in other comprehensive income until the hedged item is recognised in the income statement. The ineffective portion of the hedge is recognised in the income statement immediately.

In line with Erste Group's risk management policies, its hedging activities focus on two main control variables—net interest income and market value risk. Erste Group uses cash flow hedges to mitigate interest rate risk and uses fair value hedges to reduce market risk.

## **Goodwill**

Goodwill arises on consolidation of subsidiaries. As required by IFRS 3 (in conjunction with IAS 36 and IAS 38), an annual impairment test is carried out for all cash-generating units ("CGUs") to review the value of existing goodwill. A CGU is the smallest identifiable group of assets that generates cash inflows from continuing use which are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is tested for impairment by comparing the recoverable amount of each CGU to which goodwill has been allocated with its carrying amount. The carrying amount of a CGU is based on the amount of net asset value allocated to a CGU, taking into account any goodwill and unamortised intangible assets recognised for the CGU at the time of business combination. The recoverable amount is the higher of a CGU's fair value less costs to sell and its value in use. Where available, the fair value less costs to sell is determined based on recent transactions, market quotations or appraisals. The value in use is determined using a discounted cash flow model (DCF model), which incorporates the specifics of the banking business and its regulatory environment. In determining value in use, the present value of future earnings distributable to shareholders is calculated.

The estimation of future earnings distributable to shareholders is based on financial plans for the CGUs as agreed by the management taking into account the fulfilment of the respective regulatory capital requirements. The planning period is five years. Any forecast earnings beyond the planning period are derived based on the earnings of the last year of the planning period and a long-term growth rate, which is based on macroeconomic parameters for each CGU. The present value of such forecast earnings is reflected in the terminal value. The terminal value is calculated as a perpetual income estimated on the basis of economically sustainable cash flow.

Where the recoverable amount of a CGU is less than its carrying amount, the difference is recognised as an impairment loss in the income statement under the line item "Other operating result". The impairment loss is allocated first to write down the CGU's goodwill. Any remaining impairment loss reduces the carrying amount of the CGU's other assets, though not to an amount lower than their fair value less costs to sell. There is no need to recognise an impairment loss if the recoverable amount of the CGU is higher than or equal to its carrying amount. Impairment losses relating to goodwill cannot be reversed in future periods.

## **Income taxes**

Erste Group operates in many jurisdictions and is subject to a variety of tax regimes. For temporary differences arising between the carrying amount of an asset or liability in the



balance sheet and its tax base, as well as for tax loss carry forwards, Erste Group recognises deferred tax assets and liabilities.

Income tax on temporary differences is recognised as a deferred tax asset or a deferred tax liability. However, the recognition of deferred tax assets is limited to the extent that in the medium-term probable future taxable profits will be available against which the deductible temporary differences and tax loss carry forwards can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies such as future revenue and margin growth, currency fluctuations and inflation.

### **Accounting for post-employment and other long-term employee benefits**

In accordance with IAS 19 (Employee Benefits), Erste Group's post-employment and other long-term employee benefits are defined benefit plans. To determine provisions related to them the projected unit method is applied. Pension provisions pertain only to employees that are already retired, since all pension obligations to current employees were transferred to retirement funds prior to 2000.

Future obligations are determined based on actuarial expert opinions. The calculation takes into account not only those pensions and vested rights to future pension payments known at the balance sheet date, but also involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases.

The liability recognised from a defined benefit plan represents the present value of the obligation less the fair value of the plan assets available for the direct settlement of obligations. At Erste Group, the plan assets consist of qualifying insurance policies purchased to back severance and jubilee benefit provisions.

Actuarial gains or losses in pension and severance benefit provisions are recognised directly in other comprehensive income for the period in which they occur (IAS 19.93A). Actuarial gains or losses in provisions for jubilee benefits are recognised in profit or loss in the period during which they occur.

### **Share-based payments**

Erste Group grants shares and share options to employees and managers as compensation for their services, under employee share ownership programmes (each, an "ESOP"). These share-based payments are recognised and measured in accordance with IFRS 2 (Share-based Payment). Shares and share options granted under the ESOPs are measured at fair value at grant date. Any expense incurred in granting shares at a discounted price (the difference between issue price and fair value) under the ESOPs is recognised immediately in profit or loss under personnel expenses. Fair value is determined by means of generally accepted option pricing models (Black-Scholes, Binomial model).

### **Changes in accounting principles**

During the period 1 January 2010 to 31 March 2013 covered by this Prospectus, no new standards or amendments were issued or became effective which resulted in retrospective application of accounting policies. In 2011, Erste Group restated its financial statements due to the reclassification of its credit default swaps portfolio from financial guarantees into derivatives and effective interest rate application. Furthermore, in 2010 and 2012, Erste Group introduced new line items in its balance sheet for derivatives, investment property and value adjustments from portfolio fair value hedges.

For further information on changes in accounting principles, see the Consolidated Financial Statements of Erste Group incorporated into this Prospectus by reference.

## Explanation of key income statement items and other financial items

**Net interest income** includes items of interest and similar income, interest and similar expenses and income from equity method investments.

**Interest and similar income** mainly includes interest income from loans and advances to credit institutions and customers, from balances at central banks and from fixed-interest securities in all portfolios. It also includes current income from shares and other equity-related securities (particularly dividends) classified as available for sale and rental income from investment property.

**Interest and similar expenses** mainly include interest paid on deposits by banks and customer deposits, on deposits of central banks and on debt securities in issue and subordinated liabilities (including hybrid issues). Furthermore, depreciation on investment property held for rental purposes is included here.

**Income equity method investments** is likewise included in net interest income. Impairment losses, reversal of impairment losses and realised gains and losses on equity method investments are included under other operating result.

**Risk provisions for loans and advances** include allocations to and releases of specific and portfolio risk provisions for loans and advances, of portfolio provisions for held-to-maturity financial assets and of specific and portfolio provisions for credit risk bearing off-balance sheet exposures. Also reflected in this item are direct write-offs of loans and advances as well as recoveries on written-off loans and advances. Amounts allocated to and released from other risk provisions that do not pertain to lending business are reported in other operating result.

**Net fee and commission income** consists of income and expenses from services business accrued in the reporting period. It includes income and expenses mainly from fees and commissions payable or receivable for payment transfers, securities business and lending business, as well as from insurance brokerage and foreign exchange transactions.

**Net trading result** includes all results from securities classified as held for trading, from derivatives not designated for hedge accounting and foreign exchange transactions. These include realised gains and losses, unrealised changes in fair value and dividend income. Interest income and expenses are generally reported in net interest income. However, the net trading result contains interest income and expenses from derivatives held in the trading book.

**General administrative expenses** represent the following expenses accrued in the reporting period: personnel and other administrative expenses, as well as depreciation and amortisation. Not included are any amortisation of customer relationships and impairment of goodwill. Personnel expenses include wages and salaries, bonuses, compulsory and voluntary social security contributions, staff-related taxes and levies, and expenses for severance benefits (*i.e.*, termination benefits), pensions and jubilee benefits (including amounts allocated to and released from provisions). Other administrative expenses include IT expenses, expenses for office space, office operating expenses, advertising and marketing, expenditures for legal and consulting as well as other sundry administrative expenses.

**Other operating result** reflects all other operating income and expenses not attributable to Erste Group's ordinary activities. This includes especially losses from the impairment of goodwill and other intangible assets or gains from any reversal of impairment losses, as well as results from the sale of property and equipment and amortisation and impairment of customer relationships. In addition, other operating result encompasses the following: expenses for other taxes and for deposit insurance contributions; income from the release of and expenses for allocations to other provisions/risks; impairment losses on and reversal of impairment losses of associates accounted for at equity, as well as realised gains and losses from the disposal of associates accounted for at equity.

**Result from financial instruments—at fair value through profit or loss** contains changes in prices of assets and liabilities designated at fair value through profit or loss. Furthermore, this

position contains changes in prices of derivatives which are related to financial liabilities designated at fair value through profit or loss.

**Result from financial assets—available for sale** comprises realised gains and losses from sales as well as impairment losses and reversals of impairment losses from financial assets available for sale. However, interest and dividend elements on these assets are not part of this position.

**Result from financial assets—held to maturity** is composed of impairment losses and reversals of impairment losses of financial assets held to maturity as well as income or loss from the sale of financial assets held to maturity. However, this position does not include incurred but not reported losses recognised for financial assets held to maturity on a portfolio level, which are part of the position “Risk provisions for loans and advances”.

**Pre-tax profit/loss** comprises net interest income, risk provisions for loans and advances, net fee and commission income, net trading result, general administrative expenses, other operating result, result from financial instruments at fair value through profit and loss and result from financial assets available for sale and held to maturity. In cases when profit or loss from discontinued operations is presented, this is the pre-tax profit/loss from continuing operations.

**Taxes on income** consist of current and deferred taxes. In cases when profit or loss from discontinued operations is presented, taxes on income do not comprise taxes from discontinued operations.

**Net profit/loss for the year** represents profit/loss after taxes on income. It is further split into the part attributable to non-controlling interests and the part attributable to owners of the parent.

## Three months ended 31 March 2013 compared with three months ended 31 March 2012

### Overview

The following table shows certain income statement items for the three-month periods ended 31 March 2013 and 2012 from Erste Group’s condensed statement of comprehensive income—1 January to 31 March 2013:

in € million (unless otherwise indicated)	Three months ended 31 March		change in %
	2013 unaudited	2012	
Net interest income . . . . .	1,240.6	1,336.9	(7.2)
Risk provisions for loans and advances . . . . .	(402.2)	(580.6)	(30.7)
Net fee and commission income . . . . .	448.2	430.3	4.2
Net trading result . . . . .	77.8	93.6	(16.9)
General administrative expenses . . . . .	(931.2)	(945.1)	(1.5)
Other operating result . . . . .	(103.3)	131.2	>(100.0)
Result from financial instruments—FV . . . . .	(46.5)	41.5	>(100.0)
Result from financial assets—Afs . . . . .	11.4	(14.7)	>100.0
Result from financial assets—HtM . . . . .	6.6	(6.0)	>100.0
<b>Pre-tax profit/loss . . . . .</b>	<b>301.4</b>	<b>487.1</b>	<b>(38.1)</b>
Taxes on income . . . . .	(66.4)	(107.2)	(38.1)
<b>Net profit/loss for the period . . . . .</b>	<b>235.0</b>	<b>379.9</b>	<b>(38.1)</b>
attributable to non-controlling interests . . . . .	58.8	33.4	76.0
<b>attributable to owners of the parent . . . . .</b>	<b>176.2</b>	<b>346.5</b>	<b>(49.1)</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

## Net interest income

The following table presents a breakdown of the components of Erste Group's net interest income for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Interest income			
Lending and money market transactions with credit institutions .	313.9	275.3	14.0
Lending and money market transactions with customers . . . . .	1,313.6	1,567.1	(16.2)
Bonds and other interest-bearing securities . . . . .	256.1	351.0	(27.0)
Other interest and similar income . . . . .	10.3	5.5	87.3
Current income			
Equity-related securities . . . . .	11.8	14.3	(17.5)
Investments			
Non-consolidated subsidiaries . . . . .	4.1	3.0	36.7
Other investments . . . . .	4.9	2.8	75.0
Investment properties . . . . .	20.3	18.0	12.8
<b>Interest and similar income . . . . .</b>	<b>1,935.0</b>	<b>2,237.0</b>	<b>(13.5)</b>
Interest income from financial assets—at fair value through profit or loss . . . . .	62.0	82.4	(24.8)
<b>Total interest and similar income . . . . .</b>	<b>1,997.0</b>	<b>2,319.4</b>	<b>(13.9)</b>
Interest expenses			
Deposits by banks . . . . .	(115.7)	(211.3)	(45.2)
Customer deposits . . . . .	(365.3)	(466.1)	(21.6)
Debt securities in issue . . . . .	(224.4)	(240.4)	(6.7)
Subordinated liabilities . . . . .	(51.6)	(58.6)	(11.9)
Other . . . . .	(2.3)	(2.4)	(4.2)
<b>Interest and similar expenses . . . . .</b>	<b>(759.3)</b>	<b>(978.8)</b>	<b>(22.4)</b>
Interest expenses from financial liabilities—at fair value through profit or loss . . . . .	(2.7)	(9.7)	(72.2)
<b>Total interest and similar expenses . . . . .</b>	<b>(762.0)</b>	<b>(988.5)</b>	<b>(22.9)</b>
Income from associates accounted for at equity . . . . .	5.6	6.0	(6.7)
<b>Total . . . . .</b>	<b>1,240.6</b>	<b>1,336.9</b>	<b>(7.2)</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" and the line items "Non-consolidated subsidiaries" and "Other investments" are based on internal calculations or information of Erste Group Bank.

### **Total interest and similar income**

Total interest and similar income decreased by €322.4 million, or 13.9%, from €2,319.4 million in the first quarter 2012 to €1,997.0 million in the first quarter 2013. The decrease in total interest and similar income was mainly attributable to reduced interest income from lending and money market transactions with customers, which decreased by €253.5 million, or 16.2%, from €1,567.1 million in the first quarter 2012 to €1,313.6 million in the first quarter 2013. Interest income from bonds and other interest-bearing securities decreased significantly by €94.9 million, or 27.0%, from €351.0 million in the first quarter 2012 to €256.1 million in the first quarter 2013. This negative development was mainly due to the low interest rate environment, continuing subdued credit demand, and the follow-on effects of the reduction of non-core assets. Net interest income was also negatively impacted by the changed presentation of the result of the Czech pension fund, which since 2013 is no longer consolidated line by line in the condensed statement of comprehensive income but shown as one consolidated item in the other operating result. In the first quarter 2013, the Czech pension fund would have made a contribution of €13.2 million to net interest income (first quarter 2012: €9.7 million).

### **Total interest and similar expenses**

In the first quarter 2013, total interest and similar expenses decreased by €226.5 million, or 22.9%, from €988.5 million in the first quarter 2012 to €762.0 million in the first quarter 2013.

The main factors for this development were the decline in interest expenses on deposits by banks, which decreased by €95.6 million, or 45.2%, from €211.3 million in the first quarter 2012 to €115.7 million in the first quarter 2013, and the decline in interest expenses on customer deposits, which decreased by €100.8 million, or 21.6%, from €466.1 million in the first quarter 2012 to €365.3 million in the first quarter 2013. This development reflected both lower interest rates and reduced average volume of such liabilities.

The net interest margin (net interest income as a percentage of average interest-bearing assets) contracted from 2.87% in the first quarter 2012 to 2.74% in the first quarter 2013.

### **Risk provisions for loans and advances**

The following table presents the development of risk provisions for loans and advances for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Allocation to risk provisions for loans and advances . . . . .	(801.1)	(841.2)	(4.8)
Release of risk provisions for loans and advances . . . . .	404.7	365.2	10.8
Direct write-offs of loans and advances . . . . .	(17.3)	(117.5)	(85.3)
Recoveries on written-off loans and advances . . . . .	11.5	12.9	(10.9)
<b>Total . . . . .</b>	<b>(402.2)</b>	<b>(580.6)</b>	<b>(30.7)</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

Risk provisions for loans and advances showed a positive trend and declined by €178.4 million, or 30.7%, from €580.6 million in the first quarter 2012 to €402.2 million in the first quarter 2013. Provisioning levels declined or were stable in all core markets except for Croatia and Serbia. In the first quarter 2013, risk provisions for loans and advances in relation to the average volume of customer loans amounted to 123 basis points (first quarter 2012: 172 basis points). See "Risk management—Credit risk—Credit risk review and monitoring".

### **Net fee and commission income**

The following table presents a breakdown of the components of net fee and commission income for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Lending business . . . . .	66.4	67.3	(1.3)
Payment transfers . . . . .	210.4	210.5	0.0
Card business . . . . .	47.4	51.3	(7.6)
Securities transactions . . . . .	110.8	90.7	22.2
Investment fund transactions . . . . .	53.9	46.2	16.7
Custodial fees . . . . .	15.4	10.0	54.0
Brokerage . . . . .	41.5	34.5	20.3
Insurance brokerage . . . . .	25.0	22.7	10.1
Building society brokerage . . . . .	11.0	8.2	34.1
Foreign exchange transactions . . . . .	5.7	6.3	(9.5)
Investment banking business . . . . .	2.6	2.2	18.2
Other . . . . .	16.3	22.4	(27.2)
<b>Total . . . . .</b>	<b>448.2</b>	<b>430.3</b>	<b>4.2</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In the first quarter 2013, net fee and commission income increased by €17.9 million, or 4.2%, from €430.3 million in the first quarter 2012 to €448.2 million in the first quarter 2013. This development was primarily attributable to improved securities transactions, which increased by €20.1 million, or 22.2%, from €90.7 million in the first quarter 2012 to €110.8 million in the first quarter 2013. Net fee and commission income from payment transfers remained stable.

### Net trading result

The following table presents a breakdown of the components of net trading result for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Securities and derivatives trading . . . . .	29.6	59.1	(49.9)
Foreign exchange transactions . . . . .	48.2	34.5	39.7
<b>Total . . . . .</b>	<b>77.8</b>	<b>93.6</b>	<b>(16.9)</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In the first quarter 2013, net trading result decreased by €15.8 million, or 16.9%, from €93.6 million in the first quarter 2012 to €77.8 million in the first quarter 2013. A significant improvement in the foreign exchange transactions did not offset the decline in the income from securities and derivatives trading, which had recorded an above average result in the first quarter 2012.

### General administrative expenses

The following table presents the components of general administrative expenses for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Personnel expenses . . . . .	(564.6)	(570.5)	(1.0)
Other administrative expenses . . . . .	(277.7)	(283.3)	(2.0)
Depreciation and amortisation . . . . .	(88.9)	(91.3)	(2.6)
<b>Total . . . . .</b>	<b>(931.2)</b>	<b>(945.1)</b>	<b>(1.5)</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

General administrative expenses declined by €13.9 million, or 1.5%, from €945.1 million in the first quarter 2012 to €931.2 million in the first quarter 2013. Personnel expenses decreased by €5.9 million, or 1.0%, from €570.5 million in the first quarter 2012 to €564.6 million in the first quarter 2013 due to the reduced headcount. Further cost savings were achieved in other administrative expenses, which decreased by €5.6 million, or 2.0%, from €283.3 million in the first quarter 2012 to €277.7 million in the first quarter 2013 (mainly advertising and marketing related expenses), as well as in depreciation and amortisation, which declined by €2.4 million, or 2.6%, from €91.3 million in the first quarter 2012 to €88.9 million in the first quarter 2013.



## Other operating result

The following table presents a breakdown of the components of other operating result for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Other operating income . . . . .	124.2	282.6	(56.1)
Other operating expenses . . . . .	(227.5)	(151.4)	50.3
<b>Total</b> . . . . .	<b>(103.3)</b>	<b>131.2</b>	<b>&gt;(100.0)</b>
thereof			
Result from real estate/movables/properties/software . . . . .	(10.5)	2.8	>(100.0)
Allocation/release of other provisions/risks . . . . .	17.1	(0.1)	>100.0
Expenses for deposit insurance contributions . . . . .	(19.0)	(21.9)	(13.2)
Amortisation of customer relationships . . . . .	(16.4)	(16.8)	(2.4)
Other taxes . . . . .	(75.9)	(62.2)	22.0
Impairment of goodwill . . . . .	0.0	0.0	—
Result from repurchases of liabilities measured at amortised cost . .	3.8	250.6	(98.5)
Result from other operating expenses/income . . . . .	(2.4)	(21.2)	(88.7)
<b>Total</b> . . . . .	<b>(103.3)</b>	<b>131.2</b>	<b>&gt;(100.0)</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

Other operating result declined from €131.2 million in the first quarter 2012 to negative €103.3 million in the first quarter 2013. In the first quarter 2012, the positive result was mainly attributable to a one-off result from the repurchase of liabilities measured at amortised cost in the amount of €250.6 million due to the buyback of tier-1 and tier-2 instruments. Other taxes increased by 22.0% from €62.2 million in the first quarter 2012 to €75.9 million in the first quarter 2013, with €71.6 million thereof attributable to banking taxes in Austria, Slovakia and Hungary.

Other operating result also included straight-line amortisation of customer relationships of €16.4 million in the first quarter 2013 (€16.8 million in the first quarter 2012), and expenses for deposit insurance contributions of €19.0 million in the first quarter 2013 (€21.9 million in the first quarter 2012).

## Result from financial instruments and financial assets

The following table presents a breakdown of the components of result from financial instruments and financial assets for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
<b>Result from financial instruments—at fair value through profit or loss</b>			
Gain/(loss) from measurement/sale of financial assets designated for fair value through profit or loss . . . . .	6.5	32.4	(79.8)
Gain/(loss) from measurement/sale of financial liabilities designated for fair value through profit or loss . . . . .	(36.4)	4.7	>(100.0)
Gain/(loss) from derivatives used for Fair Value Option . . . . .	(16.6)	4.4	>(100.0)
<b>Total</b> . . . . .	<b>(46.5)</b>	<b>41.5</b>	<b>&gt;(100.0)</b>
<b>Result from financial assets—available for sale</b>			
Gain/(loss) from sale of financial assets available for sale . . . . .	8.4	(13.7)	>100.0
Impairment/reversal of impairment of financial assets available for sale . . . . .	3.0	(1.0)	>100.0
<b>Total</b> . . . . .	<b>11.4</b>	<b>(14.7)</b>	<b>&gt;100.0</b>
<b>Result from financial assets—held to maturity</b>			
Income from sale of financial assets held to maturity . . . . .	6.7	5.0	34.0
Reversal of impairment loss of financial assets held to maturity . . . . .	0.0	0.0	—
Loss from sale of financial assets held to maturity . . . . .	0.0	(11.0)	(100.0)
Impairment of financial assets held to maturity . . . . .	(0.1)	0.0	—
<b>Total</b> . . . . .	<b>6.6</b>	<b>(6.0)</b>	<b>&gt;100.0</b>
<b>Total result from financial instruments and financial assets</b> . . . . .	<b>(28.5)</b>	<b>20.8</b>	<b>&gt;(100.0)</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown under “Gain/(loss) from measurement/sale of financial assets designated for fair value through profit or loss”, “Gain/(loss) from measurement/sale of financial liabilities designated for fair value through profit or loss”, “Gain/(loss) from derivatives used for Fair Value Option” and “Total result from financial instruments and financial assets” and in the column “change in %” are based on internal calculations or information of Erste Group Bank.

The total result from all categories of financial instruments and financial assets (result from financial instruments at fair value through profit or loss, result from financial assets available for sale and result from financial assets held to maturity) decreased from €20.8 million in the first quarter 2012 to negative €28.5 million in the first quarter 2013. The positive results in the available-for-sale and held-to-maturity portfolios could not offset the lower gains from sales and valuation effects in the fair-value portfolio.

### Net profit/loss for the three-month period attributable to owners of the parent

Net profit/loss for the period attributable to owners of the parent declined from €346.5 million in the first quarter 2012, which had particularly benefited from positive one-off effects, by 49.1% to €176.2 million in the first quarter 2013.

**Segmental overview for the three months ended 31 March 2013 compared with the three months ended 31 March 2012**

**Results by segment**

**Retail & SME**

The following table presents the results of operations for the Retail & SME segment for all countries in which Erste Group had operations in the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	1,021.6	1,105.1	(7.6)
Risk provisions for loans and advances . . . . .	(277.2)	(505.4)	(45.2)
Net fee and commission income . . . . .	402.4	393.9	2.1
Net trading result . . . . .	38.9	45.2	(14.0)
General administrative expenses . . . . .	(774.9)	(809.4)	(4.3)
Other result <sup>(1)</sup> . . . . .	(53.2)	(37.7)	(41.1)
<b>Pre-tax profit/loss . . . . .</b>	<b>357.5</b>	<b>191.7</b>	<b>86.5</b>
Taxes on income . . . . .	(82.5)	(68.1)	21.2
<b>Net profit/loss for the period . . . . .</b>	<b>275.0</b>	<b>123.6</b>	<b>&gt;100.0</b>
attributable to non-controlling interests . . . . .	53.0	37.4	41.7
<b>attributable to owners of the parent . . . . .</b>	<b>222.0</b>	<b>86.2</b>	<b>&gt;100.0</b>
Average risk-weighted assets . . . . .	68,440.2	71,540.0	(4.3)
Average attributed equity . . . . .	4,951.7	5,013.9	(1.2)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	53.0	52.4	—
ROE <sup>(3)</sup> (in %) . . . . .	17.9	6.9	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the segment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Austria

Erste Bank Oesterreich

The following table presents the results of operations for the Erste Bank Oesterreich subsegment as included in the Retail & SME segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	151.4	161.7	(6.4)
Risk provisions for loans and advances . . . . .	2.5	(31.4)	>100.0
Net fee and commission income . . . . .	87.4	82.7	5.7
Net trading result . . . . .	6.7	(3.1)	>100.0
General administrative expenses . . . . .	(150.1)	(151.4)	(0.8)
Other result <sup>(1)</sup> . . . . .	(1.5)	8.6	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>96.4</b>	<b>67.1</b>	<b>43.6</b>
Taxes on income . . . . .	(23.1)	(14.8)	56.7
<b>Net profit/loss for the period . . . . .</b>	<b>73.2</b>	<b>52.3</b>	<b>40.0</b>
attributable to non-controlling interests . . . . .	1.7	1.8	(5.6)
<b>attributable to owners of the parent . . . . .</b>	<b>71.5</b>	<b>50.5</b>	<b>41.5</b>
Average risk-weighted assets . . . . .	12,613.8	13,334.6	(5.4)
Average attributed equity . . . . .	1,313.3	1,310.0	0.3
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	61.1	62.7	—
ROE <sup>(3)</sup> (in %) . . . . .	21.8	15.4	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

The decline in net interest income from €161.7 million in the first quarter 2012 by €10.3 million, or 6.4%, to €151.4 million in the first quarter 2013 was mainly attributable to decreased income from the banking book due to the low interest rate environment and lower income from retail deposits. Net fee and commission income improved from €82.7 million in the first quarter 2012 by €4.7 million, or 5.7%, to €87.4 million in the first quarter 2013 largely as a result of positive developments in the securities business. The increase in the net trading result from negative €3.1 million in the first quarter 2012 by €9.8 million to €6.7 million in the first quarter 2013 was primarily attributable to valuation gains. Operating expenses (general administrative expenses) decreased slightly from €151.4 million in the first quarter 2012 by €1.3 million, or 0.8%, to €150.1 million. The operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) improved from €89.9 million in the first quarter 2012 by €5.5 million, or 6.1%, to €95.4 million. The cost/income ratio amounted to 61.1% compared to 62.7% in the first quarter 2012. In the loan portfolio, no significant losses were recorded in the first quarter 2013. A release of provisions for the lending business resulted, on balance, in a positive net contribution to income in the amount of €2.5 million in the first quarter 2013 shown in the line item risk provisions for loans and advances. As a result, risk provisions for loans and advances decreased by €33.9 million when compared with the first quarter 2012.

The decline in other result by €10.1 million to negative €1.5 million in the first quarter 2013 was mainly due to proceeds recorded in the first quarter of 2012 from the sale of securities held in the available-for-sale portfolio. Banking tax amounted to €2.4 million in the first quarter 2013 (first quarter of 2012: €2.3 million). Net profit for the period attributable to owners of the parent increased from €50.5 million in the first quarter 2012 by €21.0 million, or 41.5%, to €71.5 million. Return on equity improved from 15.4% in the first quarter 2012 to 21.8% in the first quarter 2013.

#### Savings Banks

The following table presents the results of operations for the Savings Banks subsegment as included in the Retail & SME segment (consisting of those savings banks which as a result of their membership in the *Haftungsverbund* are consolidated) for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	220.0	240.9	(8.7)
Risk provisions for loans and advances . . . . .	(18.2)	(51.3)	(64.6)
Net fee and commission income . . . . .	110.3	98.7	11.8
Net trading result . . . . .	5.7	3.9	46.2
General administrative expenses . . . . .	(230.2)	(235.4)	(2.2)
Other result <sup>(1)</sup> . . . . .	(3.8)	(12.0)	68.3
<b>Pre-tax profit/loss . . . . .</b>	<b>83.8</b>	<b>44.8</b>	<b>87.1</b>
Taxes on income . . . . .	(18.6)	(11.3)	63.3
<b>Net profit/loss for the period . . . . .</b>	<b>65.2</b>	<b>33.5</b>	<b>94.6</b>
attributable to non-controlling interests . . . . .	49.2	30.6	60.7
<b>attributable to owners of the parent . . . . .</b>	<b>16.0</b>	<b>2.9</b>	<b>&gt;100.0</b>
Average risk-weighted assets . . . . .	22,919.3	23,593.2	(2.9)
Average attributed equity . . . . .	407.4	365.2	11.5
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	68.5	68.5	—
ROE <sup>(3)</sup> (in %) . . . . .	15.7	3.2	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

The decline in net interest income from €240.9 million in the first quarter 2012 by €20.9 million, or 8.7%, to €220.0 million in the first quarter 2013 was mainly attributable to contracting margins in the retail business as well as lower income from the banking book due to interest rate developments. Net fee and commission income increased from €98.7 million in the first quarter 2012 by €11.6 million, or 11.8%, to €110.3 million in the first quarter 2013. This development was mainly due to higher income from the securities and building society businesses. The net trading result increased from €3.9 million in the first quarter 2012 by €1.8 million, or 46.2%, to €5.7 million in the first quarter 2013, largely as a result of valuations gains. Operating expenses (general administrative expenses) decreased from €235.4 million by €5.2 million, or 2.2%, to €230.2 million due to lower personnel expenses. The operating result (operating income (the sum of net interest income, net fee and commission income and net

trading result) minus general administrative expenses) declined by €2.3 million, or 2.1%, from €108.1 million to €105.8 million. The reduction of risk provisions for loans and advances from €51.3 million by €33.1 million to €18.2 million was driven by a decline in defaults in the first quarter 2013. The improvement in the other result from negative €12.0 million by €8.2 million to negative €3.8 million was largely attributable to higher gains in the available-for-sale portfolio. Austrian banking tax amounted to €2.2 million in the first quarter 2013 (first quarter 2012: €2.1 million). Net profit for the period attributable to owners of the parent increased from €2.9 million in the first quarter 2012 by €13.1 million to €16.0 million in the first quarter 2013. At 68.5%, the cost/income ratio in the first quarter 2013 was unchanged against the first quarter 2012.

### CEE

The CEE region includes the results from the retail and SME business of the subsegments Czech Republic (Česká spořitelná), Romania (BCR), Slovakia (Slovenská sporiteľňa), Hungary (Erste Bank Hungary), Croatia (Erste Bank Croatia), Serbia (Erste Bank Serbia) and Ukraine (Erste Bank Ukraine). The contributions made by the Group Markets (GM) and Group Corporate and Investment Banking (GCIB) business in the subsegments are reported under the respective segments.

The following table presents the results of operations for the CEE region as included in the Retail & SME segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	650.1	702.5	(7.5)
Risk provisions for loans and advances . . . . .	(261.5)	(422.7)	(38.1)
Net fee and commission income . . . . .	204.6	212.5	(3.7)
Net trading result . . . . .	26.5	44.4	(40.2)
General administrative expenses . . . . .	(394.6)	(422.6)	(6.6)
Other result <sup>(1)</sup> . . . . .	(47.8)	(34.3)	(39.5)
<b>Pre-tax profit/loss . . . . .</b>	<b>177.3</b>	<b>79.8</b>	<b>&gt;100.0</b>
Taxes on income . . . . .	(40.8)	(42.0)	(2.9)
<b>Net profit/loss for the period . . . . .</b>	<b>136.5</b>	<b>37.8</b>	<b>&gt;100.0</b>
attributable to non-controlling interests . . . . .	2.1	5.0	(58.0)
<b>attributable to owners of the parent . . . . .</b>	<b>134.5</b>	<b>32.8</b>	<b>&gt;100.0</b>
Average risk-weighted assets . . . . .	32,907.0	34,612.2	(4.9)
Average attributed equity . . . . .	3,231.0	3,338.7	(3.2)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	44.8	44.0	—
ROE <sup>(3)</sup> (in %) . . . . .	16.6	3.9	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the region. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each region represents the economic capital of the region, which is assigned on the basis of credit risk, market risk and operational risk.



## Czech Republic

The following table presents the results of operations for the Czech Republic subsegment (Česká spořitelna) as included in the Retail & SME segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	252.8	282.6	(10.5)
Risk provisions for loans and advances . . . . .	(34.1)	(44.5)	(23.4)
Net fee and commission income . . . . .	107.2	112.2	(4.4)
Net trading result . . . . .	12.0	16.7	(28.1)
General administrative expenses . . . . .	(165.5)	(179.5)	(7.8)
Other result <sup>(1)</sup> . . . . .	(4.5)	(1.0)	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>167.9</b>	<b>186.5</b>	<b>(10.0)</b>
Taxes on income . . . . .	(33.7)	(39.1)	(13.9)
<b>Net profit/loss for the period . . . . .</b>	<b>134.2</b>	<b>147.4</b>	<b>(8.9)</b>
attributable to non-controlling interests . . . . .	0.8	3.1	(74.2)
<b>attributable to owners of the parent . . . . .</b>	<b>133.4</b>	<b>144.3</b>	<b>(7.6)</b>
Average risk-weighted assets . . . . .	12,656.4	12,641.1	0.1
Average attributed equity . . . . .	1,301.0	1,280.7	1.6
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	44.5	43.6	—
ROE <sup>(3)</sup> (in %) . . . . .	41.0	45.1	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Czech Republic subsegment declined from €282.6 million by €29.8 million, or 10.5%, to €252.8 million. This decrease was mainly attributable to lower interest rates and subdued credit demand, especially for consumer loans. In addition, from 2013, the contribution from the Czech pension fund is no longer allocated to individual items but is shown in the other result on a net basis, resulting in a decline in net interest income of €9.7 million against the first quarter 2012. Net fee and commission income declined by €5.0 million, or 4.4%, from €112.2 million in the first quarter 2012 to €107.2 million, mainly as a result of lower income from payment transfers. The net trading result decreased by €4.7 million, or 28.1% to €12.0 million. Cost-reduction measures contributed to a reduction in operating expenses (general administrative expenses) from €179.5 million in the first quarter 2012 by €14.0 million, or 7.8%, to €165.5 million in the first quarter 2013.

The operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) declined from €232.0 million in the first quarter 2012 by €25.5 million, or 11.0%, to €206.5 million. As portfolio quality continued to improve, risk provisions for loans and advances decreased from €44.5 million in the first quarter 2012 by €10.4 million, or 23.4%, to €34.1 million in the first quarter 2013. The decline in other result from negative €1.0 million in the first quarter 2012 by €3.5 million to negative €4.5 million in the first quarter 2013 was largely due to lower income from securities business. Net profit for the period attributable to owners of the parent decreased from €144.3 million in the first quarter 2013 by €10.9 million, or 7.6%, to

€133.4 million. The cost/income ratio increased from 43.6% in the first quarter 2012 to 44.5% in the first quarter of 2013. Return on equity declined from 45.1% in the first quarter 2012 to 41.0% in the first quarter 2013.

#### Romania

The following table presents the results of operations for the Romania subsegment (BCR) as included in the Retail & SME segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	149.9	153.0	(2.0)
Risk provisions for loans and advances . . . . .	(110.6)	(191.4)	(42.2)
Net fee and commission income . . . . .	28.3	30.2	(6.3)
Net trading result . . . . .	15.6	16.9	(7.8)
General administrative expenses . . . . .	(81.8)	(89.7)	(8.8)
Other result <sup>(1)</sup> . . . . .	(9.1)	(7.9)	(15.2)
<b>Pre-tax profit/loss . . . . .</b>	<b>(7.7)</b>	<b>(88.9)</b>	<b>91.3</b>
Taxes on income . . . . .	4.0	12.6	(68.4)
<b>Net profit/loss for the period . . . . .</b>	<b>(3.8)</b>	<b>(76.3)</b>	<b>95.1</b>
attributable to non-controlling interests . . . . .	(0.2)	(4.1)	95.2
<b>attributable to owners of the parent . . . . .</b>	<b>(3.6)</b>	<b>(72.2)</b>	<b>95.1</b>
Average risk-weighted assets . . . . .	7,375.3	8,616.4	(14.4)
Average attributed equity . . . . .	720.0	825.0	(12.7)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	42.2	44.8	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Romania subsegment decreased slightly from €153.0 million in the first quarter 2012 by €3.1 million, or 2.0% to €149.9 million in the first quarter 2013. The decline in net fee and commission income by €1.9 million, or 6.3%, from €30.2 million in the first quarter 2012 to €28.3 million in the first quarter 2013 was mainly attributable to lower income from the corporate business. The net trading result declined slightly from €16.9 million in the first quarter 2012 by €1.3 million, or 7.8%, to €15.6 million in the first quarter 2013. Comprehensive optimisation measures reduced operating expenses (general administrative expenses), especially on personnel, by €7.9 million, or 8.8%, from €89.7 million in the first quarter 2012 to €81.8 million in the first quarter 2013. As a result, operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) increased from €110.4 million in the first quarter 2012 by €1.6 million, or 1.5%, to €112.0 million in the first quarter 2013.

As portfolio quality improved, particularly in corporate and real estate lending, risk provisions for loans and advances decreased by €80.8 million, or 42.2%, from €191.4 million in the first quarter 2012 to €110.6 million in the first quarter 2013. The improvement in portfolio quality

was caused by several defaults in the corporate business in the first quarter 2012 and a decrease in new risk provisions for loans and advances for non-performing loans. Nonetheless, the NPL coverage ratio improved to 59.3% as of 31 March 2013. The decline in the other result from negative €7.9 million in the first quarter 2012 by €1.2 million, or 15.2%, to negative €9.1 million in the first quarter 2013 was mainly attributable to lower valuation effects from financial assets. Net loss for the period attributable to owners of the parent decreased from a net loss of €72.2 million in the first quarter 2012 by €68.6 million to a net loss of €3.6 million in the first quarter 2013. The cost/income ratio improved from 44.8% in the first quarter 2012 to 42.2% in the first quarter 2013.

#### Slovakia

The following table presents the results of operations for the Slovakia subsegment (Slovenská sporiteľňa) as included in the Retail & SME segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	103.6	106.4	(2.6)
Risk provisions for loans and advances . . . . .	(13.8)	(18.5)	(25.4)
Net fee and commission income . . . . .	24.6	27.7	(11.3)
Net trading result . . . . .	0.8	2.1	(61.9)
General administrative expenses . . . . .	(56.2)	(58.0)	(3.2)
Other result <sup>(1)</sup> . . . . .	(12.0)	(5.4)	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>47.0</b>	<b>54.3</b>	<b>(13.4)</b>
Taxes on income . . . . .	(8.9)	(11.0)	(19.1)
<b>Net profit/loss for the period . . . . .</b>	<b>38.1</b>	<b>43.3</b>	<b>(12.0)</b>
attributable to non-controlling interests . . . . .	0.0	0.0	—
<b>attributable to owners of the parent . . . . .</b>	<b>38.1</b>	<b>43.3</b>	<b>(12.1)</b>
Average risk-weighted assets . . . . .	4,027.2	4,252.0	(5.3)
Average attributed equity . . . . .	423.8	439.7	(3.6)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.5	42.6	—
ROE <sup>(3)</sup> (in %) . . . . .	35.9	39.4	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in Slovakia subsegment declined from €106.4 million in the first quarter 2012 by €2.8 million, or 2.6%, to €103.6 million in the first quarter 2013. This decline resulted mainly from a change in the investment strategy for financial assets and a slight decline in retail business margins. Net fee and commission income declined from €27.7 million in the first quarter 2012 by €3.1 million, or 11.3%, to €24.6 million due to a reduction of commissions on payment transfers imposed by law. The decrease in the net trading result from €2.1 million in the first quarter 2012 by €1.3 million, or 61.9%, to €0.8 million in the first quarter 2013 was primarily attributable to negative revaluation effects. Operating expenses (general administrative expenses) declined from €58.0 million in the first quarter 2012 by €1.8 million, or 3.2%, to €56.2 million.

Risk provisions for loans and advances decreased from €18.5 million in the first quarter 2012 by €4.7 million, or 25.4%, to €13.8 million in the first quarter 2013, reflecting lower allocations for corporate business. The deterioration in other result from negative €5.4 million in the first quarter 2012 by €6.6 million to negative €12.0 million was mainly due to the increase in banking taxes, which in the aggregate amounted to €9.4 million in the first quarter 2013 (first quarter 2012: €2.4 million). Net profit for the period attributable to owners of the parent declined from €43.3 million in the first quarter 2012 by €5.2 million, or 12.1%, to €38.1 million in the first quarter 2013. The cost/income ratio increased from 42.6% in the first quarter 2012 to 43.5% in the first quarter 2013. Return on equity stood at 35.9% in the first quarter 2013 (first quarter 2012: 39.4%).

#### Hungary

The following table presents the results of operations for the Hungary subsegment (Erste Bank Hungary) as included in the Retail & SME segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	70.0	81.7	(14.3)
Risk provisions for loans and advances . . . . .	(59.5)	(131.1)	(54.6)
Net fee and commission income . . . . .	26.6	21.9	21.3
Net trading result . . . . .	(0.7)	5.6	>(100.0)
General administrative expenses . . . . .	(42.0)	(41.5)	1.1
Other result <sup>(1)</sup> . . . . .	(20.6)	(16.3)	(26.4)
<b>Pre-tax profit/loss . . . . .</b>	<b>(26.2)</b>	<b>(79.7)</b>	<b>67.1</b>
Taxes on income . . . . .	(1.3)	(2.1)	(38.1)
<b>Net profit/loss for the period . . . . .</b>	<b>(27.5)</b>	<b>(81.8)</b>	<b>66.4</b>
attributable to non-controlling interests . . . . .	0.0	0.0	—
<b>attributable to owners of the parent . . . . .</b>	<b>(27.5)</b>	<b>(81.8)</b>	<b>66.4</b>
Average risk-weighted assets . . . . .	3,923.5	3,534.1	11.0
Average attributed equity . . . . .	405.9	361.9	12.1
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.7	38.0	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Hungary subsegment declined from €81.7 million in the first quarter 2012 by €11.7 million, or 14.3%, to €70.0 million in the first quarter 2013. This development was primarily attributable to higher refinancing costs for foreign-currency loans, a decline in the loan portfolio and lower interest rates. Net fee and commission income increased on the back of higher income from payment transfers, from €21.9 million in the first quarter 2012 by €4.7 million, or 21.3%, to €26.6 million in the first quarter 2013. The decline in the net trading result from €5.6 million in the first quarter 2012 by €6.3 million to negative €0.7 million in the first quarter 2013 was largely due to higher income from foreign exchange trading in connection with the early repayment of foreign-currency loans in the first quarter 2012.

Operating expenses (general administrative expenses) increased only slightly from €41.5 million in the first quarter 2012 by €0.5 million, or 1.1% to €42.0 million in the first quarter 2013. As a result of lower operating income (the sum of net interest income, net fee and commission income and net trading result) and largely stable operating expenses (general administrative expenses), the cost/income ratio increased to 43.7% in the first quarter 2013 after 38.0% in the first quarter 2012.

Risk provisions for loans and advances decreased from €131.1 million in the first quarter 2012 by €71.6 million, or 54.6%, to EUR 59.5 million. The first quarter 2012 reflected allocations of additional risk provisions for loans and advances in the amount of €75.6 million as a result of legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. A major part of these provisions was released again in the second quarter 2012. Other result decreased from negative €16.3 million in the first quarter 2012 by €4.3 million to negative €20.6 million in the first quarter 2013 primarily due to the introduction of a financial transaction tax. Banking and financial transaction taxes amounted to a total of €19.3 million in the first quarter 2013 (first quarter 2012: banking tax in the amount of €12.2 million). Net loss for the period attributable to owners of the parent amounted to €27.5 million in the first quarter 2013 after a net loss of €81.8 million in the first quarter 2012.

#### Croatia

The following table presents the results of operations for the Croatia subsegment (Erste Bank Croatia) as included in the Retail & SME segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	57.8	64.1	(9.9)
Risk provisions for loans and advances . . . . .	(37.0)	(32.2)	15.0
Net fee and commission income . . . . .	13.8	15.8	(12.7)
Net trading result . . . . .	1.7	2.2	(22.7)
General administrative expenses . . . . .	(30.6)	(33.6)	(8.8)
Other result <sup>(1)</sup> . . . . .	(1.9)	(2.3)	17.4
<b>Pre-tax profit/loss . . . . .</b>	<b>3.6</b>	<b>14.0</b>	<b>(74.3)</b>
Taxes on income . . . . .	(0.6)	(2.4)	(75.0)
<b>Net profit/loss for the period . . . . .</b>	<b>3.0</b>	<b>11.6</b>	<b>(74.1)</b>
attributable to non-controlling interests . . . . .	1.3	5.5	(76.4)
<b>attributable to owners of the parent . . . . .</b>	<b>1.7</b>	<b>6.1</b>	<b>(72.1)</b>
Average risk-weighted assets . . . . .	3,911.9	4,230.2	(7.5)
Average attributed equity . . . . .	279.8	301.2	(7.1)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	41.8	40.9	—
ROE <sup>(3)</sup> (in %) . . . . .	2.5	8.1	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Croatia subsegment declined from €64.1 million in the first quarter 2012 by €6.3 million, or 9.9%, to €57.8 million in the first quarter 2013. This decline was partly attributable to narrower interest margins and the continuing increase in non-performing loans without interest payments. Net fee and commission income decreased from €15.8 million in the first quarter 2012 by €2.0 million, or 12.7%, to €13.8 million due to lower income from the card business. The net trading result declined from €2.2 million in the first quarter 2012 by €0.5 million, or 22.7%, to €1.7 million. Due to synergies with the Erste Card Club credit card company, operating expenses (general administrative expenses) decreased from €33.6 million in the first quarter 2012 by €3.0 million, or 8.8%, to €30.6 million in the first quarter 2013.

The operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) decreased from €48.5 million in the first quarter 2012 by €5.8 million, or 12.0%, to €42.7 million in the first quarter 2013. The cost/income ratio increased from 40.9% in the first quarter 2012 to 41.8% in the first quarter 2013. Primarily as a result of increases in the NPL ratio, the increase in risk provisions for loans and advances in the corporate business led to a rise from €32.2 million in the first quarter 2012 by €4.8 million, or 15.0%, to €37.0 million in the first quarter 2013. Net profit for the period attributable to owners of the parent declined from €6.1 million in the first quarter 2012 by €4.4 million to €1.7 million in the first quarter 2013.

### Serbia

The following table presents the results of operations for the Serbia subsegment (Erste Bank Serbia) as included in the Retail & SME segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	9.8	8.7	12.6
Risk provisions for loans and advances . . . . .	(2.4)	(2.2)	9.1
Net fee and commission income . . . . .	2.9	3.5	(17.1)
Net trading result . . . . .	0.5	0.4	25.0
General administrative expenses . . . . .	(8.5)	(8.3)	2.3
Other result <sup>(1)</sup> . . . . .	(0.2)	(0.3)	33.3
<b>Pre-tax profit/loss . . . . .</b>	<b>2.1</b>	<b>1.8</b>	<b>16.7</b>
Taxes on income . . . . .	(0.3)	0.0	—
<b>Net profit/loss for the period . . . . .</b>	<b>1.9</b>	<b>1.8</b>	<b>5.6</b>
attributable to non-controlling interests . . . . .	0.1	0.5	(80.0)
<b>attributable to owners of the parent . . . . .</b>	<b>1.7</b>	<b>1.3</b>	<b>30.8</b>
Average risk-weighted assets . . . . .	519.3	499.8	3.9
Average attributed equity . . . . .	46.3	42.0	10.2
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	64.4	65.9	—
ROE <sup>(3)</sup> (in %) . . . . .	14.9	12.4	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.



Net interest income of the Serbia subsegment increased from €8.7 million by €1.1 million, or 12.6%, to €9.8 million in the first quarter 2013. This improvement was primarily driven by an increase in lending volumes to retail and corporate customers and improved interest margins in the retail business. Due to a decline in income from lending business, net fee and commission income decreased from €3.5 million in the first quarter 2012 by €0.6 million, or 17.1%, to €2.9 million in the first quarter 2013.

Risk provisions for loans and advances increased from €2.2 million in the first quarter 2012 by €0.2 million, or 9.1%, to €2.4 million. Net profit for the period attributable to owners of the parent increased from €1.3 million in the first quarter 2012 by €0.4 million to €1.7 million in the first quarter 2013, which resulted in an improvement in the return on equity from 12.4% in the first quarter 2012 to 14.9% in the first quarter 2013.

#### Ukraine

The following table presents the results of operations for the Ukraine subsegment (Erste Bank Ukraine) as included in the Retail & SME segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	6.2	6.0	3.3
Risk provisions for loans and advances . . . . .	(4.0)	(2.8)	42.9
Net fee and commission income . . . . .	1.2	1.2	0.0
Net trading result . . . . .	(3.3)	0.5	>(100.0)
General administrative expenses . . . . .	(10.1)	(12.0)	(15.8)
Other result <sup>(1)</sup> . . . . .	0.5	(1.1)	>100.0
<b>Pre-tax profit/loss . . . . .</b>	<b>(9.4)</b>	<b>(8.2)</b>	<b>(14.6)</b>
Taxes on income . . . . .	0.0	0.0	—
<b>Net profit/loss for the period . . . . .</b>	<b>(9.4)</b>	<b>(8.2)</b>	<b>(14.6)</b>
attributable to non-controlling interests . . . . .	0.0	0.0	—
<b>attributable to owners of the parent . . . . .</b>	<b>(9.4)</b>	<b>(8.2)</b>	<b>(15.0)</b>
Average risk-weighted assets . . . . .	493.5	838.6	(41.2)
Average attributed equity . . . . .	54.2	88.1	(38.5)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	247.1	155.8	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income of the Ukraine subsegment increased slightly from €6.0 million in the first quarter 2012 by €0.2 million, or 3.3%, to €6.2 million in the first quarter 2013. Net fee and commission income remained stable at €1.2 million in the first quarter 2013. Adversely impacted by lower income from the securities and foreign exchange businesses, the net trading result declined from €0.5 million in the first quarter 2012 by €3.8 million to negative €3.3 million in the first quarter 2013.

Operating expenses (general administrative expenses) decreased from €12.0 million in the first quarter 2012 by €1.9 million, or 15.8%, to €10.1 million in the first quarter 2013, reflecting a

lower headcount and savings in other administrative expenses. The increase in risk provisions for loans and advances from €2.8 million in the first quarter 2012 by €1.2 million, or 42.9%, to €4.0 million in the first quarter 2013 resulted from higher provisioning requirements in the corporate business. Net loss for the period attributable to owners of the parent increased from a net loss of €8.2 million in the first quarter 2012 by €1.2 million to a net loss of €9.4 million in the first quarter 2013. Average risk-weighted assets decreased significantly from €838.6 million in the first quarter 2012 to €493.5 million in the first quarter 2013 mainly due to the reduction of the securities volumes. As the Ukraine is not seeking membership in the European Union in the medium term, Erste Group does not consider it to be a core market. Consequently, an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank was concluded in December 2012. The closing of this transaction was subject to several conditions, including regulatory approvals, and occurred on 29 April 2013.

#### GCIB

The following table presents the results of operations for the GCIB segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	104.1	128.2	(18.8)
Risk provisions for loans and advances . . . . .	(126.7)	(75.2)	68.5
Net fee and commission income . . . . .	28.0	20.2	38.6
Net trading result . . . . .	4.3	5.9	(27.1)
General administrative expenses . . . . .	(45.5)	(44.6)	2.0
Other result <sup>(1)</sup> . . . . .	(0.7)	(21.9)	96.9
<b>Pre-tax profit/loss . . . . .</b>	<b>(36.4)</b>	<b>12.6</b>	<b>&gt;(100.0)</b>
Taxes on income . . . . .	9.4	(4.6)	>100.0
<b>Net profit/loss for the period . . . . .</b>	<b>(27.0)</b>	<b>8.0</b>	<b>&gt;(100.0)</b>
attributable to non-controlling interests . . . . .	1.3	1.6	(18.8)
<b>attributable to owners of the parent . . . . .</b>	<b>(28.3)</b>	<b>6.4</b>	<b>&gt;(100.0)</b>
Average risk-weighted assets . . . . .	20,063.2	22,556.1	(11.1)
Average attributed equity . . . . .	1,985.3	2,256.5	(12.0)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	33.4	28.9	—
ROE <sup>(3)</sup> (in %) . . . . .	—	1.1	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the segment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the GCIB segment declined from €128.2 million in the first quarter 2012 by €24.1 million, or 18.8%, to €104.1 million in the first quarter 2013. This decrease was primarily attributable to declines in the large corporate business in Austria and Romania and significantly lower volumes in the International Business, where risk-weighted assets were reduced by 35.1% in the first quarter 2013 compared to the same period in 2012. Net fee and commission income increased from €20.2 million in the first quarter 2012 by €7.8 million, or 38.6%, to €28.0 million in the first quarter 2013. This development was mainly driven by higher income from the large corporate business in Austria and syndicated lending activities in the Czech Republic. The net trading result declined from €5.9 million in the first quarter 2012 by

€1.6 million, or 27.1%, to €4.3 million, mainly due to negative valuation effects. Operating expenses (general administrative expenses) increased moderately from €44.6 million in the first quarter 2012 by €0.9 million, or 2.0%, to €45.5 million in the first quarter 2013. This development was primarily driven by organisational changes (*i.e.*, the reallocation of units from the Group Markets segment to Group Corporate and Investment Banking). The operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) declined from €109.7 million in the first quarter 2012 by €18.8 million, or 17.1%, to €90.9 million in the first quarter 2013.

Risk provisions for loans and advances increased from €75.2 million in the first quarter 2012 by €51.5 million, or 68.5%, to €126.7 million in the first quarter 2013. This increase was mainly due to higher risk provisions for loans and advances in the commercial real estate and large corporate businesses in Austria and Romania. Other result improved from negative €21.9 million in the first quarter 2012 by €21.2 million to negative €0.7 million in the first quarter 2013, which was largely attributable to negative valuation results and losses on disposals in the International Business in the first quarter 2012. Net profit/loss for the period attributable to owners of the parent declined from €6.4 million in the first quarter 2012 by €34.7 million to negative €28.3 million. The cost/income ratio increased from 28.9% in the first quarter 2012 to 33.4% in the first quarter 2013.

### Group Markets

The following table presents the results of operations for the Group Markets (GM) segment for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		
	2013 unaudited	2012	change in %
Net interest income . . . . .	44.0	46.1	(4.5)
Risk provisions for loans and advances . . . . .	0.0	0.0	—
Net fee and commission income . . . . .	33.2	35.0	(5.2)
Net trading result . . . . .	45.2	81.4	(44.5)
General administrative expenses . . . . .	(53.7)	(57.5)	(6.7)
Other result <sup>(1)</sup> . . . . .	(0.6)	(1.0)	40.0
<b>Pre-tax profit/loss . . . . .</b>	<b>68.1</b>	<b>104.0</b>	<b>(34.5)</b>
Taxes on income . . . . .	(17.0)	(21.1)	(19.5)
<b>Net profit/loss for the period . . . . .</b>	<b>51.2</b>	<b>82.9</b>	<b>(38.3)</b>
attributable to non-controlling interests . . . . .	2.9	1.9	52.6
<b>attributable to owners of the parent . . . . .</b>	<b>48.3</b>	<b>81.0</b>	<b>(40.4)</b>
Average risk-weighted assets . . . . .	2,414.3	2,555.2	(5.5)
Average attributed equity . . . . .	384.0	339.6	13.1
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.8	35.4	—
ROE <sup>(3)</sup> (in %) . . . . .	50.3	95.4	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the segment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Group Markets segment decreased from €46.1 million in the first quarter 2012 by €2.1 million, or 4.5% to €44.0 million in the first quarter 2013. This decrease was mainly attributable to fixed income securities (bonds and T-bills in the trading book). Net fee and commission income decreased from €35.0 million in the first quarter 2012 by €1.8 million, or 5.2%, to €33.2 million in the first quarter 2013. The net trading result declined from €81.4 million in the first quarter 2012 by €36.2 million, or 44.5%, to €45.2 million in the first quarter 2013, reflecting a significant market deterioration in almost all businesses, including Global Money Market & Government Bonds, Credit Trading and Rates Trading.

Operating expenses (general administrative expenses) were reduced from €57.5 million in the first quarter 2012 by €3.8 million, or 6.7%, to €53.7 million in the first quarter 2013. This decline was due to cost-reduction measures across all business units and to organisational changes, in particular the transfer of business units from the Group Markets segment to the GCIB segment). The operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) declined from €105.0 million in the first quarter 2012 by €36.3 million, or 34.5%, to €68.7 million in the first quarter 2013. The cost/income ratio increased from 35.4% in the first quarter 2012 to 43.8% in the first quarter 2013. Net profit for the period attributable to owners of the parent declined from €81.0 million for the first quarter 2012 by €32.7 million, or 40.4%, to €48.3 million in the first quarter 2013. Return on equity stood at 50.3% in the first quarter 2013 (first quarter 2012: 95.4%).

### Corporate Center

The following tables set out summary financial information for the Corporate Center segment for the three-month periods ended 31 March 2013 and 2012:

Corporate Center excluding intra-group elimination	Three months ended		
	31 March		
in € million (unless otherwise indicated)	2013	2012	change
	unaudited		in %
Net interest income . . . . .	72.4	78.4	(7.7)
Risk provisions for loans and advances . . . . .	(0.1)	0.0	—
Net fee and commission income . . . . .	16.5	65.9	(75.0)
Net trading result . . . . .	(12.7)	(47.6)	73.4
General administrative expenses . . . . .	(142.5)	(135.9)	4.8
Other result <sup>(1)</sup> . . . . .	(21.4)	217.9	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>(87.8)</b>	<b>178.8</b>	<b>&gt;(100.0)</b>
Taxes on income . . . . .	23.7	(13.4)	>100.0
<b>Net profit/loss for the period . . . . .</b>	<b>(64.1)</b>	<b>165.4</b>	<b>&gt;(100.0)</b>
attributable to non-controlling interests . . . . .	1.6	(7.5)	>100.0
<b>attributable to owners of the parent . . . . .</b>	<b>(65.8)</b>	<b>172.9</b>	<b>&gt;(100.0)</b>
Average risk-weighted assets . . . . .	(414.3)	13.6	>(100.0)
Average attributed equity . . . . .	5,659.1	4,788.3	18.2
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	—	—	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the period attributable to owners of the parent divided by the average attributed equity allocated to the segment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Corporate Center segment excluding intra-group elimination declined slightly from €78.4 million in the first quarter 2012 by €6.1 million, or 7.7%, to €72.4 million in the first quarter 2013. Net fee and commission income decreased due to the changed presentation of fees recharged for internal IT services from net fee and commission income to other result. The net trading result improved from negative €47.6 million in the first quarter 2012 to negative €12.7 million in the first quarter 2013 primarily due to better valuation results.

The increase in operating expenses (general administrative expenses) was largely due to the intra-group consolidation of banking support operations and the increased cost of compliance with regulatory requirements. In the first quarter 2013, other result included amortisation of customer relationships in the amount of €16.4 million as well as banking tax paid by Erste Group Bank in the amount of €36.9 million (first quarter 2012: €36.7 million). In the first quarter 2012, the main contribution to the positive result had come from the proceeds of the buy-back of tier-1 and tier-2 instruments (hybrid capital and subordinated bonds) in the amount of €250.6 million shown as a result from the repurchase of liabilities measured at amortised cost under other operating result.

Intra-group elimination	Three months ended 31 March		
	2013 unaudited	2012	change in %
<b>in € million (unless otherwise indicated)</b>			
Net interest income . . . . .	(1.5)	(20.9)	92.8
Risk provisions for loans and advances . . . . .	1.7	0.0	—
Net fee and commission income . . . . .	(31.7)	(84.7)	62.6
Net trading result . . . . .	2.0	8.7	(77.0)
General administrative expenses . . . . .	85.4	102.3	(16.5)
Other result <sup>(1)</sup> . . . . .	(56.0)	(5.3)	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>0.0</b>	<b>0.0</b>	<b>—</b>
Taxes on income . . . . .	0.0	0.0	—
<b>Net profit/loss for the period . . . . .</b>	<b>0.0</b>	<b>0.0</b>	<b>—</b>
attributable to non-controlling interests . . . . .	0.0	0.0	—
<b>attributable to owners of the parent . . . . .</b>	<b>0.0</b>	<b>0.0</b>	<b>—</b>
Average risk-weighted assets . . . . .	0.0	0.0	—
Average attributed equity . . . . .	0.0	0.0	—
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	—	—	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial assets—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

## Financial year ended 31 December 2012 compared with financial year ended 31 December 2011

### Overview

The following table shows Erste Group's certain consolidated income statement items for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income . . . . .	5,235.3	5,569.0	(6.0)
Risk provisions for loans and advances . . . . .	(1,980.0)	(2,266.9)	(12.7)
Net fee and commission income . . . . .	1,720.8	1,787.2	(3.7)
Net trading result . . . . .	273.4	122.3	>100.0
General administrative expenses . . . . .	(3,756.7)	(3,850.9)	(2.4)
Other operating result . . . . .	(724.3)	(1,589.9)	54.4
Result from financial instruments—at fair value through profit or loss . . . . .	(3.6)	0.3	>(100.0)
Result from financial assets—available for sale . . . . .	56.2	(66.2)	>100.0
Result from financial assets—held to maturity . . . . .	(19.9)	(27.1)	26.6
<b>Pre-tax profit/loss . . . . .</b>	<b>801.2</b>	<b>(322.2)</b>	<b>&gt;100.0</b>
Taxes on income . . . . .	(170.2)	(240.4)	29.2
<b>Net profit/loss for the year . . . . .</b>	<b>631.0</b>	<b>(562.6)</b>	<b>&gt;100.0</b>
attributable to non-controlling interests . . . . .	147.5	156.3	(5.6)
<b>attributable to owners of the parent . . . . .</b>	<b>483.5</b>	<b>(718.9)</b>	<b>&gt;100.0</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.



## Net interest income

The following table presents a breakdown of the components of Erste Group's net interest income for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Interest income			
Lending and money market transactions with credit institutions	944.5	1,077.4	(12.3)
Lending and money market transactions with customers . . . . .	5,957.8	6,426.5	(7.3)
Bonds and other interest-bearing securities . . . . .	1,383.9	1,331.9	3.9
Other interest and similar income . . . . .	7.3	10.3	(29.1)
Current income			
Equity-related securities . . . . .	56.1	77.8	(27.9)
Investments			
Non-consolidated subsidiaries . . . . .	17.4	11.2	55.4
Other investments . . . . .	20.1	19.2	4.7
Investment property . . . . .	73.2	74.0	(1.1)
<b>Interest and similar income . . . . .</b>	<b>8,460.3</b>	<b>9,028.3</b>	<b>(6.3)</b>
Interest income from financial assets—at fair value through profit or loss . . . . .	334.8	322.3	3.9
<b>Total interest and similar income . . . . .</b>	<b>8,795.1</b>	<b>9,350.6</b>	<b>(5.9)</b>
Interest expenses			
Deposits by banks . . . . .	(642.3)	(654.6)	(1.9)
Customer deposits . . . . .	(1,741.1)	(1,831.8)	(5.0)
Debt securities in issue . . . . .	(926.5)	(1,032.2)	(10.2)
Subordinated liabilities . . . . .	(204.9)	(239.5)	(14.4)
Other . . . . .	(2.8)	(8.9)	(68.5)
<b>Interest and similar expenses . . . . .</b>	<b>(3,517.6)</b>	<b>(3,767.0)</b>	<b>(6.6)</b>
Interest expenses from financial liabilities—at fair value through profit or loss . . . . .	(58.6)	(22.6)	>100.0
<b>Total interest and similar expenses . . . . .</b>	<b>(3,576.2)</b>	<b>(3,789.6)</b>	<b>(5.6)</b>
Income from equity method investments . . . . .	16.4	8.0	>100.0
<b>Total . . . . .</b>	<b>5,235.3</b>	<b>5,569.0</b>	<b>(6.0)</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

### **Total interest and similar income**

In 2012, total interest and similar income decreased by €555.5 million, or 5.9%, from €9,350.6 million in 2011 to €8,795.1 million in 2012. The decrease in total interest and similar income was mainly driven by reduced interest income from lending and money market transactions with customers, which decreased by €468.7 million, or 7.3%, from €6,426.5 million in 2011 to €5,957.8 million in 2012. This development was due to the low interest rate environment and subdued credit demand, particularly for consumer loans. Interest income from lending and money market transactions with credit institutions similarly decreased as result of low interest rates by €132.9 million, or 12.3%, from €1,077.4 million in 2011 to €944.5 million in 2012. The overall decrease in total interest and similar income was partially offset by higher interest income from bonds and other interest-bearing securities, which increased by €52.0 million, or 3.9%, from €1,331.9 million in 2011 to €1,383.9 million in 2012 due to the acquisition of highly liquid assets in preparation for the new Basel 3 liquidity rules and investment of excess liquidity.

### **Total interest and similar expenses**

In 2012, total interest and similar expenses decreased by €213.4 million, or 5.6%, from €3,789.6 million in 2011 to €3,576.2 million in 2012. Among the main factors for this development was the decline in interest expenses on debt securities in issue, which decreased by €105.7 million, or 10.2%, from €1,032.2 million in 2011 to €926.5 million in 2012, reflecting both lower interest rates and reduced average volume of such liabilities. The lower level of interest rates also caused the reduction of interest expenses on customer deposits, which decreased by €90.7 million, or 5.0%, from €1,831.8 million in 2011 to €1,741.1 million in 2012 despite higher average volumes of customer deposits. Interest expenses from subordinated liabilities decreased by €34.6 million, or 14.4%, from €239.5 million in 2011 to €204.9 million in 2012 as result of lower average volume and lower interest rates. The overall decrease in interest expenses was partially offset by the increase in interest expenses from financial liabilities at fair value through profit or loss, where expenses increased by €36.0 million (more than 100.0%) from €22.6 million in 2011 to €58.6 million in 2012 due to valuation effects.

The net interest margin (net interest income as a percentage of average interest-bearing assets) narrowed from 2.97% in 2011 to 2.80% in 2012. The net interest margin in the CEE region declined from 4.21% in 2011 to 3.94% in 2012. A similar development was seen also in the Austrian region, where the net interest margin declined from 2.09% in 2011 to 2.01% in 2012.

### **Risk provisions for loans and advances**

The following table presents the development of risk provisions for loans and advances for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Allocation to risk provisions for loans and advances . . . . .	(3,203.7)	(3,111.8)	3.0
Release of risk provisions for loans and advances . . . . .	1,364.0	1,016.5	34.2
Direct write-offs of loans and advances . . . . .	(237.3)	(223.6)	6.1
Recoveries on written-off loans and advances . . . . .	97.0	52.0	86.5
<b>Total . . . . .</b>	<b>(1,980.0)</b>	<b>(2,266.9)</b>	<b>(12.7)</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2012, risk provisions for loans and advances decreased by €286.9 million, or 12.7%, from €2,266.9 million in 2011 to €1,980.0 million in 2012. This decrease was primarily attributable to a decline in risk provisions for loans and advances in Hungary (extraordinary provisions of €450.0 million in 2011) and in the Czech Republic, which, together with lower risk provisions for loans and advances to customers in Austria, more than offset the increase in risk provisions for loans and advances in Romania and Croatia. In 2012, risk costs in relation to the average volume of customer loans amounted to 148 basis points (2011: 168 basis points). See "Risk management—Credit risk—Credit risk review and monitoring".

## Net fee and commission income

The following table presents a breakdown of the components of net fee and commission income for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Lending business . . . . .	263.4	279.9	(5.9)
Payment transfers . . . . .	862.3	863.3	(0.1)
Card business . . . . .	202.2	205.6	(1.7)
Securities business . . . . .	356.9	373.4	(4.4)
Investment fund transactions . . . . .	195.2	205.6	(5.1)
Custodial fees . . . . .	39.7	36.5	8.8
Brokerage . . . . .	122.0	131.3	(7.1)
Insurance brokerage . . . . .	99.3	105.0	(5.4)
Building society brokerage . . . . .	31.2	33.7	(7.4)
Foreign exchange transactions . . . . .	25.2	24.8	1.6
Investment banking business . . . . .	20.4	13.1	55.7
Other . . . . .	62.1	94.0	(33.9)
<b>Total . . . . .</b>	<b>1,720.8</b>	<b>1,787.2</b>	<b>(3.7)</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2012, net fee and commission income decreased by €66.4 million, or 3.7%, from €1,787.2 million in 2011 to €1,720.8 million in 2012. This development was primarily attributable to a decline in the securities business (primarily in Austria and the Czech Republic), as well as in lending business (mainly in the Czech Republic) and insurance brokerage whereas Erste Group's factoring subsidiary Intermarket Bank AG which has been consolidated since 1 August 2011 contributed to net fee and commission income. Positive contributions came from investment banking business (mainly in Austria and the Czech Republic). The decrease in "Other" from €94.0 million in 2011 to €62.1 million in 2012 was primarily attributable to lower fee and commission income from Immorent recognised under fee and commission income after changes in Immorent's financial reporting that led to the recognition of such fee and commission income in other items. Net fee and commission income from payment transfers remained almost stable.

## Net trading result

The following table presents a breakdown of the components of net trading result for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Securities and derivatives trading . . . . .	74.2	(33.4)	>100.0
Foreign exchange transactions . . . . .	199.2	155.7	27.9
<b>Total . . . . .</b>	<b>273.4</b>	<b>122.3</b>	<b>&gt;100.0</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2012, net trading result improved by €151.1 million, from €122.3 million in 2011 to €273.4 million in 2012. This development was mainly attributable to the prior year's changes in the fair value of the CDS investment portfolio of the International Business (closed out in the

meantime), which had a negative impact of €182.6 million. Contributions from foreign exchange business increased by €43.5 million in 2012 compared to 2011.

### General administrative expenses

The following table presents the components of general administrative expenses for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Personnel expenses . . . . .	(2,284.1)	(2,323.7)	(1.7)
Other administrative expenses . . . . .	(1,106.1)	(1,152.4)	(4.0)
Depreciation and amortisation . . . . .	(366.5)	(374.8)	(2.2)
<b>Total . . . . .</b>	<b>(3,756.7)</b>	<b>(3,850.9)</b>	<b>(2.4)</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

General administrative expenses declined by €94.2 million, or 2.4%, from €3,850.9 million in 2011 to €3,756.7 million in 2012, despite increasing inflation rates during 2012. Personnel expenses decreased by €39.6 million, or 1.7%, from €2,323.7 million in 2011 to €2,284.1 million in 2012 due to a reduced headcount, which declined by 1,071 employees (full-time equivalents), or 2.1%, from 50,452 employees (full-time equivalents) as of 31 December 2011 to 49,381 employees (full-time equivalents) as of 31 December 2012. The reduction was mainly due to reorganisation measures in Hungary, Romania and the Ukraine. Major cost savings were achieved in other administrative expenses (mainly IT and office-related expenses), which declined by €46.3 million, or 4.0%, from €1,152.4 million in 2011 to €1,106.1 million in 2012, and in depreciation and amortisation, which was down by €8.3 million, or 2.2%, from €374.8 million in 2011 to €366.5 million in 2012.

### Other operating result

The following table presents a breakdown of the components of other operating result for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Other operating income . . . . .	842.8	195.1	>100.0
Other operating expenses . . . . .	(1,567.1)	(1,785.0)	(12.2)
<b>Total . . . . .</b>	<b>(724.3)</b>	<b>(1,589.9)</b>	<b>54.4</b>
thereof			
Result from real estate/movables/properties/software . . . . .	(73.0)	(84.3)	13.4
Allocation/release of other provisions/risks . . . . .	25.9	(35.2)	>100.0
Expenses for deposit insurance contributions . . . . .	(80.7)	(87.2)	(7.5)
Amortisation of customer relationships . . . . .	(69.2)	(69.0)	0.3
Other taxes . . . . .	(269.1)	(163.5)	64.6
Impairment of goodwill . . . . .	(514.9)	(1,064.6)	(51.6)
Result from repurchases of liabilities measured at amortised cost . . . . .	413.4	0.1	>100.0
Result from other operating expenses/income . . . . .	(156.7)	(86.2)	81.8
<b>Total . . . . .</b>	<b>(724.3)</b>	<b>(1,589.9)</b>	<b>54.4</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2012, other operating result improved from negative €1,589.9 million in 2011 to negative €724.3 million in 2012. This improvement was primarily due to significantly lower goodwill impairments of €514.9 million, of which €469.4 million related to Banca Comercială Română and €45.5 million related mostly to certain Austrian subsidiaries, compared to €1,064.6 million in 2011, of which, in particular, €692.8 million was related to Banca Comercială Română and €312.7 million was related to Erste Bank Hungary and €52.7 million was related to certain Austrian subsidiaries. Other taxes increased from €163.5 million to €269.1 million, largely as a result of banking taxes in Austria, Slovakia and Hungary. In Slovakia, a banking tax was newly introduced in 2012 and resulted in a charge of €31.5 million for 2012. In Hungary, the banking tax amounted to €47.3 million in 2012, while in 2011 it was offset against losses resulting from allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. In Austria, the banking tax was raised by 25% and totalled €165.2 million in 2012. In addition, other operating result in 2012 was negatively impacted by an impairment loss for non-current assets in the disposal group and a provision for onerous contract, together amounting to €75.0 million and resulting from the agreement on the sale of Erste Bank Ukraine.

In 2012, other operating result also included straight-line amortisation of intangible assets (i.e., customer relationships) of €69.2 million (2011: €69.0 million) as well as expenses for deposit insurance contributions of €80.7 million (2011: €87.2 million). Positive contributions in 2012 resulted from repurchases of liabilities measured at amortised cost (buyback of tier-1 and tier-2 instruments), which generated one-off income of €413.4 million.

#### Result from financial instruments and financial assets

The following table presents a breakdown of the components of result from financial instruments and financial assets for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited unless otherwise indicated	2011 audited unless otherwise indicated	Change in %
<b>Result from financial instruments—at fair value through profit or loss</b>			
Gain/(loss) from measurement/sale of financial assets designated for fair value through profit or loss . . . . .	40.0	(49.2)	>100.0
Gain/(loss) from measurement/sale of financial liabilities designated for fair value through profit or loss . . . . .	(97.5)	12.1	>(100.0)
Gain/(loss) from derivatives used for Fair Value Option . . . . .	53.9	37.4	44.1
<b>Total . . . . .</b>	<b>(3.6)</b>	<b>0.3</b>	<b>&gt;(100.0)</b>
<b>Result from financial assets—available for sale</b>			
Gain/(loss) from sale of financial assets available for sale . . . . .	121.9	64.1	90.2
Impairment/reversal of impairment of financial assets available for sale . . . . .	(65.7)	(130.3)	49.6
<b>Total . . . . .</b>	<b>56.2</b>	<b>(66.2)</b>	<b>&gt;100.0</b>
<b>Result from financial assets—held to maturity</b>			
Income from sale of financial assets held to maturity . . . . .	7.7	8.7	(11.5)
Reversal of impairment loss of financial assets held to maturity . . . . .	0.0	1.3	(100.0)
Loss from sale of financial assets held to maturity . . . . .	(14.3)	(27.8)	(48.6)
Impairment of financial assets held to maturity . . . . .	(13.3)	(9.3)	43.0
<b>Total . . . . .</b>	<b>(19.9)</b>	<b>(27.1)</b>	<b>26.6</b>
<b>Total result from financial instruments and financial assets (unaudited) . . . . .</b>	<b>32.7</b>	<b>(93.0)</b>	<b>&gt;100.0</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures labelled as “unaudited” and in the column “change in %” are based on internal calculations or information of Erste Group Bank.

In 2012, the total result from all categories of financial instruments and assets (result from financial instruments at fair value through profit or loss, result from financial assets available

for sale and result from financial assets held to maturity) improved from negative €93.0 million in 2011 to €32.7 million in 2012. The positive performance was primarily due to higher gains on sales and lower negative valuation effects in the available-for-sale portfolio.

### Net profit/loss for the year attributable to owners of the parent

Net profit for the year attributable to owners of the parent for the financial year 2012 amounted to €483.5 million whereas a net loss attributable to owners of the parent of €718.9 million occurred in the financial year 2011.

### Segmental Overview for the financial year ended 31 December 2012 compared with the financial year ended 31 December 2011

#### Results by segment

##### Retail & SME

The following table presents the results of operations for the Retail & SME segment for all countries in which Erste Group had operations in the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income . . . . .	4,318.5	4,716.3	(8.4)
Risk provisions for loans and advances . . . . .	(1,629.4)	(2,076.7)	(21.5)
Net fee and commission income . . . . .	1,591.5	1,642.0	(3.1)
Net trading result . . . . .	97.6	58.8	66.0
General administrative expenses . . . . .	(3,215.2)	(3,278.8)	(1.9)
Other result <sup>(1)</sup> . . . . .	(243.7)	(405.5)	39.9
<b>Pre-tax profit/loss . . . . .</b>	<b>919.3</b>	<b>656.0</b>	<b>40.1</b>
Taxes on income . . . . .	(246.1)	(263.8)	(6.7)
<b>Net profit/loss for the year . . . . .</b>	<b>673.2</b>	<b>392.2</b>	<b>71.6</b>
attributable to non-controlling interests . . . . .	134.2	144.4	(7.1)
<b>attributable to owners of the parent . . . . .</b>	<b>539.0</b>	<b>247.7</b>	<b>&gt;100.0</b>
Average risk-weighted assets . . . . .	70,311	74,934	(6.2)
Average attributed equity . . . . .	4,919	4,117	19.5
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	53.5	51.1	—
ROE <sup>(3)</sup> (in %) . . . . .	11.0	6.0	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.



Austria

Erste Bank Oesterreich

The following table presents the results of operations for the Erste Bank Oesterreich subsegment as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011 audited	change in %
Net interest income . . . . .	617.8	665.9	(7.2)
Risk provisions for loans and advances . . . . .	(96.2)	(101.4)	(5.1)
Net fee and commission income . . . . .	339.0	320.6	5.7
Net trading result . . . . .	(4.2)	20.2	>(100.0)
General administrative expenses . . . . .	(614.7)	(609.4)	0.9
Other result <sup>(1)</sup> . . . . .	13.4	(63.7)	>100.0
<b>Pre-tax profit/loss . . . . .</b>	<b>255.1</b>	<b>232.2</b>	<b>9.9</b>
Taxes on income . . . . .	(55.8)	(50.3)	10.9
<b>Net profit/loss for the year . . . . .</b>	<b>199.3</b>	<b>181.9</b>	<b>9.6</b>
attributable to non-controlling interests . . . . .	6.9	4.3	60.5
<b>attributable to owners of the parent . . . . .</b>	<b>192.4</b>	<b>177.6</b>	<b>8.3</b>
Average risk-weighted assets . . . . .	13,045	13,708	(4.8)
Average attributed equity . . . . .	1,284	1,088	18.0
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	64.5	60.5	—
ROE <sup>(3)</sup> (in %) . . . . .	15.0	16.3	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2012, net interest income decreased by €48.1 million, or 7.2%, from €665.9 million in 2011 to €617.8 million in 2012, primarily due to lower income from lending to customers reflecting the development of interest rates. As of 31 December 2012, customer deposits increased by €1.2 billion, or 4.1%, to €30.0 billion, and loans and advances to customers decreased by €0.1 billion, or 0.5%, to €28.1 billion. Net fee and commission income increased by €18.4 million, or 5.7%, during 2012 despite a decline in the securities business. This improvement mainly resulted from higher fees in the retail business as well as the first-time consolidation of Intermarket Bank AG in August 2011. The decline in net trading result from €20.2 million in 2011 to negative €4.2 million in 2012 was primarily driven by negative valuation results in 2012. In 2012, general administrative expenses increased by €5.3 million, or 0.9%, which was mainly due to the first-time consolidation of Intermarket Bank AG in 2011 and higher IT expenses. As a result, the cost/income ratio increased from 60.5% in 2011 to 64.5% in 2012. Risk provisions for loans and advances decreased by €5.2 million, or 5.1%, from €101.4 million to €96.2 million, reflecting the continuing stabilisation of the loan portfolio.

The improvement in other result by €77.1 million from negative €63.7 million in 2011 to €13.4 million in 2012 was mainly driven by valuation gains, income from the sale of securities held in the available-for-sale portfolio and the sale of real estate. In 2011, other financial assets

had been affected significantly by valuation losses. Banking taxes increased from €7.7 million in 2011 to €9.7 million in 2012.

### Savings Banks

The following table presents the results of operations for the Savings Banks subsegment as included in the Retail & SME segment (consisting of those savings banks which as a result of their membership in the *Haftungsverbund* are consolidated) for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income . . . . .	940.0	1,015.6	(7.4)
Risk provisions for loans and advances . . . . .	(225.9)	(250.4)	(9.8)
Net fee and commission income . . . . .	398.0	390.2	2.0
Net trading result . . . . .	19.9	12.2	63.1
General administrative expenses . . . . .	(932.2)	(930.9)	0.1
Other result <sup>(1)</sup> . . . . .	2.5	(81.9)	>100.0
<b>Pre-tax profit/loss . . . . .</b>	<b>202.3</b>	<b>154.7</b>	<b>30.8</b>
Taxes on income . . . . .	(61.5)	(40.1)	53.4
<b>Net profit/loss for the year . . . . .</b>	<b>140.8</b>	<b>114.6</b>	<b>22.9</b>
attributable to non-controlling interests . . . . .	119.3	108.7	9.8
<b>attributable to owners of the parent . . . . .</b>	<b>21.5</b>	<b>5.9</b>	<b>&gt;100.0</b>
Average risk-weighted assets . . . . .	23,444	24,451	(4.1)
Average attributed equity . . . . .	370	304	21.7
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	68.7	65.6	—
ROE <sup>(3)</sup> (in %) . . . . .	5.8	1.9	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

The decline in net interest income from €1,015.6 million in 2011 by €75.6 million, or 7.4%, to €940.0 million in 2012 was mainly due to lower income from financial assets due to interest rate developments. Net fee and commission income rose by €7.8 million, or 2.0%, to €398.0 million in 2012, driven by payment transfers and the lending business. The net trading result improved from €12.2 million in 2011 by €7.7 million to €19.9 million in 2012, reflecting higher income from foreign exchange trading. General administrative expenses increased only slightly by €1.3 million, or 0.1%, to €932.2 million. The cost/income ratio stood at 68.7% in 2012 compared to 65.6% in 2011.

Risk provisions decreased by €24.5 million, or 9.8%, from €250.4 million in 2011 to €225.9 million in 2012. A significant improvement in other result from negative €81.9 million in 2011 to €2.5 million in 2012 was largely due to gains on disposal of securities in the available-for-sale portfolio in 2012 and valuation losses in the securities portfolio in 2011. Banking taxes amounted to €8.1 million in 2012 (2011: €6.5 million). Net profit for the year attributable to owners of the parent increased from €5.9 million in the financial year 2011 to €21.5 million in the financial year 2012.

## CEE

The CEE region includes the results from the retail and SME business of the subsegments Czech Republic (Česká spořitelna), Romania (BCR), Slovakia (Slovenská sporitel'ňa), Hungary (Erste Bank Hungary), Croatia (Erste Bank Croatia), Serbia (Erste Bank Serbia) and Ukraine (Erste Bank Ukraine). The contributions made by the Group Markets (GM) and Group Corporate and Investment Banking (GCIB) business in the subsegments are reported under the respective segments.

The following table presents the results of operations for the CEE region as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change in %
	audited		
Net interest income . . . . .	2,760.7	3,034.8	(9.0)
Risk provisions for loans and advances . . . . .	(1,307.3)	(1,724.9)	(24.2)
Net fee and commission income . . . . .	854.5	931.2	(8.2)
Net trading result . . . . .	81.9	26.4	>100.0
General administrative expenses . . . . .	(1,668.3)	(1,738.4)	(4.0)
Other result <sup>(1)</sup> . . . . .	(259.6)	(259.9)	0.1
<b>Pre-tax profit/loss . . . . .</b>	<b>461.9</b>	<b>269.1</b>	<b>71.6</b>
Taxes on income . . . . .	(128.8)	(173.4)	(25.7)
<b>Net profit/loss for the year . . . . .</b>	<b>333.1</b>	<b>95.7</b>	<b>&gt;100.0</b>
attributable to non-controlling interests . . . . .	8.0	31.5	(74.6)
<b>attributable to owners of the parent . . . . .</b>	<b>325.1</b>	<b>64.2</b>	<b>&gt;100.0</b>
Average risk-weighted assets . . . . .	33,821	36,775	(8.0)
Average attributed equity . . . . .	3,264	2,724	19.8
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	45.1	43.5	—
ROE <sup>(3)</sup> (in %) . . . . .	10.0	2.4	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the region. The average attributed equity of each region represents the economic capital of the region, which is assigned on the basis of credit risk, market risk and operational risk.

## Czech Republic

The following table presents the results of operations for the Czech Republic subsegment (Česká spořitelna) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change in %
	audited		
Net interest income . . . . .	1,113.8	1,183.2	(5.9)
Risk provisions for loans and advances . . . . .	(139.6)	(210.5)	(33.7)
Net fee and commission income . . . . .	447.2	496.5	(9.9)
Net trading result . . . . .	19.9	(45.5)	>100.0
General administrative expenses . . . . .	(691.9)	(713.9)	(3.1)
Other result <sup>(1)</sup> . . . . .	(93.2)	(122.0)	23.6
<b>Pre-tax profit/loss . . . . .</b>	<b>656.2</b>	<b>587.8</b>	<b>11.6</b>
Taxes on income . . . . .	(135.7)	(122.4)	10.9
<b>Net profit/loss for the year . . . . .</b>	<b>520.5</b>	<b>465.4</b>	<b>11.8</b>
attributable to non-controlling interests . . . . .	2.5	9.2	(72.8)
<b>attributable to owners of the parent . . . . .</b>	<b>518.0</b>	<b>456.2</b>	<b>13.5</b>
Average risk-weighted assets . . . . .	12,521	12,951	(3.3)
Average attributed equity . . . . .	1,266	1,065	18.9
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.8	43.7	—
ROE <sup>(3)</sup> (in %) . . . . .	40.9	42.8	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Czech Republic subsegment declined from €1,183.2 million in 2011 by €69.4 million, or 5.9%, to €1,113.8 million in 2012 mainly as a result of decreasing market interest rates and changes in the balance sheet structure (higher portion of lower margin products, such as mortgage loans, and lower portion of consumer loans). Net fee and commission income decreased from €496.5 million in 2011 by €49.3 million, or 9.9%, to €447.2 million in 2012 mainly due to lower income from lending business and payment transfers. The net trading result improved from negative €45.5 million in 2011 by €65.4 million to €19.9 million. This increase in net trading result was primarily attributable to negative valuation effects related to the pension fund and lower income from foreign exchange trading in 2011. General administrative expenses declined by €22.0 million, or 3.1%, to €691.9 million in 2012 due to releases of bonus accruals and lower depreciation costs.

As portfolio quality continued to stabilise, risk provisions for loans and advances decreased by €70.9 million, or 33.7%, to €139.6 million in 2012. Also, the positive outcome of a litigation matter contributed to the improvement. The other result improved from negative €122.0 million in 2011 by €28.8 million to negative €93.2 million in 2012. This improvement was primarily driven by higher income from financial assets at fair value, available for sale and held to maturity.

## Romania

The following table presents the results of operations for the Romania subsegment (BCR) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income . . . . .	572.4	672.3	(14.9)
Risk provisions for loans and advances . . . . .	(737.2)	(499.3)	47.6
Net fee and commission income . . . . .	120.3	130.1	(7.5)
Net trading result . . . . .	70.5	49.3	43.0
General administrative expenses . . . . .	(355.9)	(376.4)	(5.4)
Other result <sup>(1)</sup> . . . . .	(48.7)	(30.9)	(57.6)
<b>Pre-tax profit/loss . . . . .</b>	<b>(378.6)</b>	<b>(54.8)</b>	<b>&gt;(100.0)</b>
Taxes on income . . . . .	65.3	23.7	>100.0
<b>Net profit/loss for the year . . . . .</b>	<b>(313.3)</b>	<b>(31.1)</b>	<b>&gt;(100.0)</b>
attributable to non-controlling interests . . . . .	(19.0)	(8.7)	>(100.0)
<b>attributable to owners of the parent . . . . .</b>	<b>(294.3)</b>	<b>(22.5)</b>	<b>&gt;(100.0)</b>
Average risk-weighted assets . . . . .	8,156	9,167	(11.0)
Average attributed equity . . . . .	779	556	40.1
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	46.6	44.2	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

The result of the Romania subsegment was again affected by the adverse economic environment. Net interest income declined by €99.9 million, or 14.9%, to €572.4 million in 2012, mainly driven by weak consumer credit demand and narrowing margins on retail and corporate loans. The decline in net fee and commission income by €9.8 million, or 7.5%, from €130.1 million in 2011 to €120.3 million in 2012 was mainly attributable to lower income from payment transfers. The increase in the net trading result by €21.2 million from €49.3 million in 2011 to €70.5 million in 2012 largely resulted from revaluation gains on currency positions. General administrative expenses declined from €376.4 million in 2011 by €20.5 million, or 5.4%, to €355.9 million in 2012, but currency-adjusted were stable. Restructuring provisions in the amount of €24.1 million were created at year-end 2012. Those restructuring provisions were covered by cost savings achieved through optimisation measures.

Additional provisioning requirements in the retail, corporate and real estate business resulted in an increase in risk provisions for loans and advances from €499.3 million in 2011 by €237.9 million, or 47.6%, to €737.2 million in 2012, mainly due to the increase in non-performing loan volumes. The NPL coverage ratio increased to 58.6% as of 31 December 2012 compared to 50.1% at year-end 2011. The decline in the other result from negative €30.9 million in 2011 by €17.8 million, or 57.6%, to negative €48.7 million in the financial year 2012 was mainly due to one-off income from the liquidation of the subsidiary Anglo-Romanian Bank Ltd. in 2011.

## Slovakia

The following table presents the results of operations for the Slovakia subsegment (Slovenská sporiteľňa) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income . . . . .	424.9	445.7	(4.7)
Risk provisions for loans and advances . . . . .	(53.4)	(73.6)	(27.4)
Net fee and commission income . . . . .	110.0	112.2	(2.0)
Net trading result . . . . .	2.8	(4.6)	>100.0
General administrative expenses . . . . .	(236.0)	(224.0)	5.4
Other result <sup>(1)</sup> . . . . .	(37.7)	(40.2)	6.2
<b>Pre-tax profit/loss . . . . .</b>	<b>210.6</b>	<b>215.5</b>	<b>(2.3)</b>
Taxes on income . . . . .	(41.0)	(42.3)	(3.1)
<b>Net profit/loss for the year . . . . .</b>	<b>169.6</b>	<b>173.2</b>	<b>(2.1)</b>
attributable to non-controlling interests . . . . .	0.3	0.0	—
<b>attributable to owners of the parent . . . . .</b>	<b>169.3</b>	<b>173.2</b>	<b>(2.3)</b>
Average risk-weighted assets . . . . .	4,148	4,825	(14.0)
Average attributed equity . . . . .	430	401	7.2
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.9	40.5	—
ROE <sup>(3)</sup> (in %) . . . . .	39.4	43.2	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2012, net interest income in the Slovakia subsegment declined by €20.8 million, or 4.7%, from €445.7 million in 2011 to €424.9 million in 2012. This decrease resulted mainly from a change in the investment strategy for financial assets and a slight decline in retail business margins. Slovenská sporiteľňa increased its housing loan volume by approximately €450 million during 2012. Net fee and commission income also decreased by €2.2 million, or 2.0%, from €112.2 million in 2011 to €110.0 million in 2012, mostly due to lower asset management commissions. The net trading result improved from negative €4.6 million in 2011 to €2.8 million in 2012. General administrative expenses increased by €12.0 million, or 5.4%, from €224.0 million to €236.0 million due to higher IT depreciation charges. This increase resulted in an increase of the cost/income ratio from 40.5% in 2011 to 43.9% in 2012.

Risk provisions for loans and advances decreased substantially by €20.2 million, or 27.4%, from €73.6 million in 2011 to €53.4 million in 2012, reflecting an improved market environment and a better risk profile of customers in the SME, retail and real estate business. The improvement in other result by €2.5 million in 2012 was primarily driven by valuation effects from financial assets, lower revaluation of real estate as well as lower deposit insurance contributions. Banking taxes amounted to €26.5 million in 2012 (no banking tax in 2011).



## Hungary

The following table presents the results of operations for the Hungary subsegment (Erste Bank Hungary) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income . . . . .	335.2	402.7	(16.8)
Risk provisions for loans and advances . . . . .	(215.0)	(812.0)	(73.5)
Net fee and commission income . . . . .	91.9	97.8	(6.0)
Net trading result . . . . .	(15.9)	19.1	>(100.0)
General administrative expenses . . . . .	(169.5)	(200.5)	(15.5)
Other result <sup>(1)</sup> . . . . .	(72.9)	(56.9)	(28.1)
<b>Pre-tax profit/loss . . . . .</b>	<b>(46.2)</b>	<b>(549.8)</b>	<b>91.6</b>
Taxes on income . . . . .	(8.9)	(16.8)	(47.0)
<b>Net profit/loss for the year . . . . .</b>	<b>(55.1)</b>	<b>(566.6)</b>	<b>90.3</b>
attributable to non-controlling interests . . . . .	0.0	0.0	—
<b>attributable to owners of the parent . . . . .</b>	<b>(55.1)</b>	<b>(566.6)</b>	<b>90.3</b>
Average risk-weighted assets . . . . .	3,775	4,147	(9.0)
Average attributed equity . . . . .	386	345	11.9
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	41.2	38.6	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income in the Hungary subsegment decreased by €67.5 million, or 16.8%, from €402.7 million in 2011 to €335.2 million in 2012. The decline in net interest income was primarily attributable to decreasing margins and lending volumes as well as legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. In 2012, net fee and commission income decreased by €5.9 million to €91.9 million. This development was caused by lower commission income from the lending business. The decline in net trading result from €19.1 million in 2011 to negative €15.9 million in 2012 was largely attributable to a change in reporting of interest income from securities held for trading and lower income from foreign exchange trading. Due to the restructuring measures implemented in the fourth quarter of 2011, general administrative expenses decreased from €200.5 million in 2011 to €169.5 million in 2012.

Risk provisions for loans and advances declined from €812.0 million in 2011 by €597.0 million to €215.0 million in 2012. This substantial reduction was due to the one-off allocation of additional provisions in the third quarter 2011 triggered by legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market. Other result deteriorated by €16.0 million from negative €56.9 million in 2011 to negative €72.9 million in 2012. The negative effect of the banking tax in the amount of €47.3 million in 2012 was only partly offset by lower revaluation losses on collateral for loans and the release of restructuring provisions. In 2011, it was possible to offset the banking

tax against the costs of repayment of foreign-currency loans at non-market rates. Net loss for the year attributable to owners of the parent amounted to €55.1 million in 2012 compared to €566.6 million in 2011.

#### Croatia

The following table presents the results of operations for the Croatia subsegment (Erste Bank Croatia) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012	2011	change in %
	audited		
Net interest income . . . . .	253.7	261.8	(3.1)
Risk provisions for loans and advances . . . . .	(137.4)	(109.3)	25.7
Net fee and commission income . . . . .	65.6	76.7	(14.5)
Net trading result . . . . .	9.4	11.2	(16.1)
General administrative expenses . . . . .	(132.8)	(141.1)	(5.9)
Other result <sup>(1)</sup> . . . . .	(3.0)	(10.2)	70.6
<b>Pre-tax profit/loss . . . . .</b>	<b>55.5</b>	<b>89.0</b>	<b>(37.6)</b>
Taxes on income . . . . .	(9.8)	(16.1)	(39.1)
<b>Net profit/loss for the year . . . . .</b>	<b>45.7</b>	<b>72.9</b>	<b>(37.3)</b>
attributable to non-controlling interests . . . . .	22.0	29.5	(25.4)
<b>attributable to owners of the parent . . . . .</b>	<b>23.7</b>	<b>43.4</b>	<b>(45.4)</b>
Average risk-weighted assets . . . . .	4,040	4,321	(6.5)
Average attributed equity . . . . .	288	251	14.7
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	40.4	40.4	—
ROE <sup>(3)</sup> (in %) . . . . .	8.2	17.3	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2012, the operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) of the Croatia subsegment declined by €12.7 million. Net interest income decreased from €261.8 million in 2011 by €8.1 million to €253.7 million in 2012 due to narrowing corporate and retail loan margins. Due to the transfer of the credit card processing subsidiary to the Corporate Center segment, net fee and commission income declined by €11.1 million, or 14.5%, from €76.7 million in 2011 to €65.6 million in 2012. A decrease in net trading result from €11.2 million in 2011 by €1.8 million, or 16.1%, to €9.4 million in 2012 was caused by negative valuation effects. An improvement in general administrative expenses by 5.9% to €132.8 million in 2012 was attributable to the transfer of the credit card processing subsidiary as well as lower IT expenses. Other result improved by €7.2 million in 2012 primarily due to the selling gain from Master Card shares.

## Serbia

The following table presents the results of operations for the Serbia subsegment (Erste Bank Serbia) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2012 audited	2011	change in %
Net interest income . . . . .	37.1	36.4	1.9
Risk provisions for loans and advances . . . . .	(9.0)	(9.5)	(5.3)
Net fee and commission income . . . . .	13.3	13.0	2.3
Net trading result . . . . .	2.4	0.1	>100.0
General administrative expenses . . . . .	(33.6)	(33.8)	(0.6)
Other result <sup>(1)</sup> . . . . .	(1.7)	(1.2)	(41.7)
<b>Pre-tax profit/loss . . . . .</b>	<b>8.5</b>	<b>5.0</b>	<b>70.0</b>
Taxes on income . . . . .	1.5	0.0	—
<b>Net profit/loss for the year . . . . .</b>	<b>10.0</b>	<b>5.1</b>	<b>96.1</b>
attributable to non-controlling interests . . . . .	2.2	1.5	46.7
<b>attributable to owners of the parent . . . . .</b>	<b>7.8</b>	<b>3.6</b>	<b>&gt;100.0</b>
Average risk-weighted assets . . . . .	493	606	(18.6)
Average attributed equity . . . . .	42	41	2.4
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	63.6	68.1	—
ROE <sup>(3)</sup> (in %) . . . . .	18.8	8.7	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

The improvement in net interest income from €36.4 million in 2011 by 1.9% to €37.1 million in 2012 was primarily driven by an increase in retail and corporate customer lending volumes as well as larger retail deposit margins. Net trading result improved from €0.1 million in 2011 by €2.3 million to €2.4 million in 2012 as a result of growing income from foreign exchange business. General administrative expenses remained stable at €33.6 million in 2012. This led to a significant improvement of the cost/income ratio from 68.1% in 2011 to 63.6% in 2012. Other result deteriorated slightly by €0.5 million in 2012, primarily due to a write-down of properties in April 2012.

## Ukraine

The following table presents the results of operations for the Ukraine subsegment (Erste Bank Ukraine) as included in the Retail & SME segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2012 audited	2011	
Net interest income . . . . .	23.6	32.6	(27.6)
Risk provisions for loans and advances . . . . .	(15.7)	(10.7)	46.7
Net fee and commission income . . . . .	6.2	4.9	26.5
Net trading result . . . . .	(7.2)	(3.2)	>(100.0)
General administrative expenses . . . . .	(48.6)	(48.8)	(0.4)
Other result <sup>(1)</sup> . . . . .	(2.4)	1.6	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>(44.1)</b>	<b>(23.6)</b>	<b>(86.9)</b>
Taxes on income . . . . .	(0.2)	0.5	>(100.0)
<b>Net profit/loss for the year . . . . .</b>	<b>(44.3)</b>	<b>(23.2)</b>	<b>(90.9)</b>
attributable to non-controlling interests . . . . .	0.0	0.0	—
<b>attributable to owners of the parent . . . . .</b>	<b>(44.3)</b>	<b>(23.2)</b>	<b>(90.9)</b>
Average risk-weighted assets . . . . .	688	757	(9.1)
Average attributed equity . . . . .	74	66	12.1
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	215.0	142.4	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

Declining lending volumes and margins as well as lower income from the securities business caused net interest income in the Ukraine subsegment to decrease from €32.6 million in 2011 by €9.0 million, or 27.6%, to €23.6 million in 2012. Increased income from payment transfers led to an improvement in net fee and commission income by €1.3 million to €6.2 million in 2012. Primarily as a result of lower income from foreign exchange businesses, net trading result declined by €4.0 million from negative €3.2 million in 2011 to negative €7.2 million in 2012. General administrative expenses decreased slightly to €48.6 million in 2012. Currency-adjusted, operating expenses declined by 6.8%. The increase in risk provisions for loans and advances by €5.0 million, or 46.7% to €15.7 million in 2012 resulted from direct write-offs. Other result deteriorated by €4.0 million to negative €2.4 million in 2012 due to losses on disposals related to the available-for-sale portfolio. Net loss for the year attributable to owners of the parent amounted to €44.3 million compared to €23.2 million in 2011.

As the Ukraine is not seeking membership in the European Union in the medium term, Erste Group does not consider it to be a core market. Consequently, an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank was concluded in December 2012. The closing of this transaction was subject to several conditions, including regulatory approvals, and occurred on 29 April 2013. The impairment loss for non-current assets in the disposal group and a provision for onerous contract, together amounting to €75.0 million in 2012 and resulting from the

agreement on the sale of Erste Bank Ukraine is reported under “other result” in the Corporate Center segment.

### GCIB

The following table presents the results of operations for the GCIB segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2012 audited	2011	
Net interest income . . . . .	495.9	543.2	(8.7)
Risk provisions for loans and advances . . . . .	(347.2)	(178.2)	94.8
Net fee and commission income . . . . .	87.1	118.8	(26.7)
Net trading result . . . . .	4.4	(129.2)	>100.0
General administrative expenses . . . . .	(196.9)	(191.5)	2.8
Other result <sup>(1)</sup> . . . . .	(101.6)	(46.7)	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>(58.3)</b>	<b>116.4</b>	<b>&gt;(100.0)</b>
Taxes on income . . . . .	4.4	(31.3)	>100.0
<b>Net profit/loss for the year . . . . .</b>	<b>(53.9)</b>	<b>85.1</b>	<b>&gt;(100.0)</b>
attributable to non-controlling interests . . . . .	1.7	11.4	(85.1)
<b>attributable to owners of the parent . . . . .</b>	<b>(55.6)</b>	<b>73.8</b>	<b>&gt;(100.0)</b>
Average risk-weighted assets . . . . .	20,830	24,429	(14.7)
Average attributed equity . . . . .	2,085	1,956	6.6
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	33,5	35.9	—
ROE <sup>(3)</sup> (in %) . . . . .	—	3.8	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income decreased by €47.3 million, or 8.7%, to €495.9 million in 2012. This development was exclusively attributable to considerably lower volumes in International Business and the real estate and investment banking businesses, which were not offset by the stable development in the large corporate business. Net fee and commission income decreased by €31.7 million, or 26.7%, to €87.1 million in 2012. This decrease was attributable to a reduction in new business and declining income from real estate project development activities. Net trading result increased from negative €129.2 million in 2011 by €133.6 million to €4.4 million in 2012. In 2011, net trading result had been impacted by negative valuation results relating to the International Business’ CDS investment portfolio, which has meanwhile been closed out completely. General administrative expenses increased by €5.4 million, or 2.8%, from €191.5 million in 2011 to €196.9 million in 2012. This development was driven primarily by organisational change (i.e., the shifting of businesses from the Group Markets segment to the Group Corporate and Investment Banking segment).

The operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) improved by €49.2 million, or 14.4%, from €341.3 million in 2011 to €390.5 million in 2012. Risk provisions for loans and advances increased by €169.0 million, or 94.8%, to €347.2 million in 2012. This

increase was mainly due to higher risk provisions in the real estate business and in the large corporate business in Austria and Romania. Negative valuation results and losses on disposals relating to the real estate business and from the continued reduction of International Business assets led to a decline in other result by €54.9 million to negative €101.6 million in 2012. Net profit for the year attributable to owners of the parent declined by €129.4 million from €73.8 million in the financial year 2011 to negative €55.6 million in 2012. The cost/income ratio improved from 35.9% in 2011 to 33.5% in 2012.

### Group Markets

The following table presents the results of operations for the Group Markets (GM) segment for the financial years ended 31 December 2012 and 2011:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2012 audited	2011	
Net interest income . . . . .	183.7	197.4	(6.9)
Risk provisions for loans and advances . . . . .	0.0	(12.0)	(100.0)
Net fee and commission income . . . . .	124.7	126.6	(1.5)
Net trading result . . . . .	202.9	155.2	30.7
General administrative expenses . . . . .	(215.9)	(244.8)	(11.8)
Other result <sup>(1)</sup> . . . . .	2.0	10.2	(80.4)
<b>Pre-tax profit/loss . . . . .</b>	<b>297.4</b>	<b>232.7</b>	<b>27.8</b>
Taxes on income . . . . .	(61.7)	(55.6)	11.0
<b>Net profit/loss for the year . . . . .</b>	<b>235.7</b>	<b>177.0</b>	<b>33.2</b>
attributable to non-controlling interests . . . . .	8.1	10.4	(22.1)
<b>attributable to owners of the parent . . . . .</b>	<b>227.6</b>	<b>166.6</b>	<b>36.6</b>
Average risk-weighted assets . . . . .	2,697	2,743	(1.7)
Average attributed equity . . . . .	350	312	12.2
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	42.2	51.1	—
ROE <sup>(3)</sup> (in %) . . . . .	65.0	53.4	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Net interest income decreased by €13.7 million, or 6.9%, to €183.7 million in 2012, which was primarily attributable to the global money market and government bonds businesses. Net fee and commission income amounted to €124.7 million in 2012. The decline by €1.9 million, or 1.5%, against 2011 resulted mainly from the asset management business. Net trading result increased by €47.7 million, or 30.7%, to €202.9 million in 2012, mostly on the back of the good performance of the Credit Trading business dealing with customers-oriented trading in credit products and the Rates Trading business dealing with trading and structuring of interest rate-linked products. General administrative expenses decreased by €28.9 million, or 11.8%, to €215.9 million in 2012. This decline was due to cost reductions across all businesses and to organisational changes (transfer of businesses from the Group Markets segment to Group Corporate and Investment Banking segment). Operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) improved by €61.0 million, or 26.0%, to €295.4 million in 2012. The



cost/income ratio improved from 51.1% in 2011 to 42.2% in 2012. Net profit for the year attributable to owners of the parent increased by €61.0 million, or 36.6%, to €227.6 million in 2012.

### Corporate Center

The following tables set out summary financial information for the Corporate Center segment for the years ended 31 December 2012 and 2011:

Corporate Center excluding intra-group elimination in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2012 audited	2011	
Net interest income . . . . .	303.9	160.6	89.2
Risk provisions for loans and advances . . . . .	(3.4)	0.0	—
Net fee and commission income . . . . .	299.8	248.4	20.7
Net trading result . . . . .	(57.0)	34.5	>(100.0)
General administrative expenses . . . . .	(550.9)	(547.1)	0.7
Other result <sup>(1)</sup> . . . . .	(349.6)	(1,223.6)	71.4
<b>Pre-tax profit/loss . . . . .</b>	<b>(357.2)</b>	<b>(1,327.2)</b>	<b>73.1</b>
Taxes on income . . . . .	133.2	110.3	20.8
<b>Net profit/loss for the year . . . . .</b>	<b>(224.0)</b>	<b>(1,216.9)</b>	<b>81.6</b>
attributable to non-controlling interests . . . . .	3.5	(9.9)	>100.0
<b>attributable to owners of the parent . . . . .</b>	<b>(227.5)</b>	<b>(1,207.0)</b>	<b>81.2</b>
Average risk-weighted assets . . . . .	9	970	(99.1)
Average attributed equity . . . . .	5,395	6,654	(18.9)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	—	—	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2012, net interest income in the Corporate Center segment (excluding intra-group eliminations) increased by €143.3 million, or 89.2%, from €160.6 million in 2011 to €303.9 million in 2012, primarily driven by positive contributions from asset liability management. During the same period, net fee and commission income increased by €51.4 million, or 20.7%, to €299.8 million in 2012, which was largely attributable to lower expenditures in connection with own issuance activities. Net trading result dropped from €34.5 million in 2011 to negative €57.0 million in 2012, mainly due to lower positive valuation effects in asset liability management.

The other result improved by €874.0 million from negative €1,223.6 million in 2011 to negative €349.6 million in 2012, which was largely driven by proceeds from buying back tier-1 and tier-2 instruments (hybrid capital and subordinated loans) in the amount of €413.4 million in 2012 (recognised as result from repurchases of liabilities measured at amortised cost within other operating result). 2011 was impacted by goodwill impairments of €692.8 million for BCR, €312.7 million for Erste Bank Hungary and €52.7 million on certain Austrian subsidiaries. In 2012, further goodwill impairments for BCR in the amount of €469.4 million and for certain Austrian subsidiaries in the amount of €45.5 million were recorded. Banking tax paid by the

Erste Group Bank increased from €117.5 million in 2011 to €146.9 million in 2012. In 2012, other result also included an impairment loss for non-current assets in the disposal group and a provision for onerous contract, together amounting to €75.0 million and resulting from the agreement on the sale of Erste Bank Ukraine.

Intra-group elimination <sup>(1)</sup> in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2012 audited	2011	
Net interest income . . . . .	(66.7)	(48.5)	(37.5)
Risk provisions for loans and advances . . . . .	0.0	0.0	—
Net fee and commission income . . . . .	(382.3)	(348.6)	(9.7)
Net trading result . . . . .	25.5	3.0	>100.0
General administrative expenses . . . . .	422.2	411.3	2.7
Other result <sup>(2)</sup> . . . . .	1.3	(17.2)	>100.0
<b>Pre-tax profit/loss . . . . .</b>	<b>0.0</b>	<b>0.0</b>	<b>—</b>
Taxes on income . . . . .	0.0	0.0	—
<b>Net profit/loss for the year . . . . .</b>	<b>0.0</b>	<b>0.0</b>	<b>—</b>
attributable to non-controlling interests . . . . .	0.0	0.0	—
<b>attributable to owners of the parent . . . . .</b>	<b>0.0</b>	<b>0.0</b>	<b>—</b>
Average risk-weighted assets . . . . .	0.0	0.0	—
Average attributed equity . . . . .	0.0	0.0	—
Cost/income ratio <sup>(3)</sup> (in %) . . . . .	—	—	—
ROE <sup>(4)</sup> (in %) . . . . .	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) The split of the Corporate Center segment into “Corporate Center excluding intra-group elimination” and “Intra-group elimination” is available only for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011.
- (2) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (3) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (4) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

## Financial year ended 31 December 2011 compared with financial year ended 31 December 2010

### Overview

The following table shows Erste Group's condensed consolidated income statement for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Net interest income . . . . .	5,569.0	5,439.2	2.4
Risk provisions for loans and advances . . . . .	(2,266.9)	(2,021.0)	12.2
Net fee and commission income . . . . .	1,787.2	1,842.5	(3.0)
Net trading result . . . . .	122.3	321.9	(62.1)
General administrative expenses . . . . .	(3,850.9)	(3,816.8)	0.9
Other operating result . . . . .	(1,589.9)	(439.3)	>(100.0)
Result from financial instruments—at fair value through profit or loss . . . . .	0.3	(6.0)	>100.0
Result from financial assets—available for sale . . . . .	(66.2)	9.2	>(100.0)
Result from financial assets—held to maturity . . . . .	(27.1)	(5.5)	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>(322.2)</b>	<b>1,324.2</b>	<b>&gt;(100.0)</b>
Taxes on income . . . . .	(240.4)	(280.9)	(14.6)
<b>Net profit/loss for the year . . . . .</b>	<b>(562.6)</b>	<b>1,043.3</b>	<b>&gt;(100.0)</b>
attributable to non-controlling interests . . . . .	156.3	164.6	(5.5)
<b>attributable to owners of the parent . . . . .</b>	<b>(718.9)</b>	<b>878.7</b>	<b>&gt;(100.0)</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

## Net interest income

The following table presents a breakdown of the components of Erste Group's net interest income for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Interest income			
Lending and money market transactions with credit institutions . . . . .	1,077.4	1,090.9	(1.2)
Lending and money market transactions with customers . . .	6,426.5	6,333.6	1.5
Bonds and other interest-bearing securities . . . . .	1,331.9	1,139.3	16.9
Other interest and similar income . . . . .	10.3	10.8	(4.6)
Current income			
Equity-related securities . . . . .	77.8	93.6	(16.9)
Investments			
Non-consolidated subsidiaries . . . . .	11.2	8.2	36.6
Other investments . . . . .	19.2	18.4	4.3
Investment property . . . . .	74.0	78.2	(5.4)
<b>Interest and similar income . . . . .</b>	<b>9,028.3</b>	<b>8,773.0</b>	<b>2.9</b>
Interest income from financial assets—at fair value through profit or loss . . . . .	322.3	48.6	>100.0
<b>Total interest and similar income . . . . .</b>	<b>9,350.6</b>	<b>8,821.6</b>	<b>6.0</b>
Interest expenses			
Deposits by banks . . . . .	(654.6)	(532.6)	22.9
Customer deposits . . . . .	(1,831.8)	(1,661.7)	10.2
Debt securities in issue . . . . .	(1,032.2)	(890.1)	16.0
Subordinated liabilities . . . . .	(239.5)	(304.4)	(21.3)
Other . . . . .	(8.9)	(10.1)	(11.9)
<b>Interest and similar expenses . . . . .</b>	<b>(3,767.0)</b>	<b>(3,398.9)</b>	<b>10.8</b>
Interest expenses from financial liabilities—at fair value through profit or loss . . . . .	(22.6)	(4.5)	>100.0
<b>Total interest and similar expenses . . . . .</b>	<b>(3,789.6)</b>	<b>(3,403.4)</b>	<b>11.3</b>
Income from equity method investments . . . . .	8.0	21.0	(61.9)
<b>Total . . . . .</b>	<b>5,569.0</b>	<b>5,439.2</b>	<b>2.4</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

### **Total interest and similar income**

In 2011, total interest and similar income increased by €529.0 million, or 6.0%, from €8,821.6 million in 2010 to €9,350.6 million in 2011. The increase in total interest and similar income primarily reflected the increase in interest income from financial assets at fair value through profit or loss, which increased from €48.6 million in 2010 to €322.3 million in 2011. This was due to the shift of interest income from trading assets from net trading result to net interest income caused by the change in presentation. Accordingly, trading assets were accounted for as interest-bearing assets in 2011. While lending and money market transactions with credit institutions and with customers remained largely at constant levels, the increase in total interest and similar income was also, to a lesser extent, attributable to the increase of interest income from bonds and other interest-bearing securities, which increased by 16.9% from €1,139.3 million in 2010 to €1,331.9 million in 2011 primarily as a result of higher

investments in AfS and HtM portfolios driven by the need to invest increasing deposit funds as well as preparations to meet anticipated liquidity requirements under Basel 3. The decline in current income from equity-related securities from €93.6 million to €77.8 million in the same period partially offset the overall increase in total interest and similar income. This was primarily due to the overall decrease in the portfolio.

### **Total interest and similar expenses**

In 2011, total interest and similar expenses increased by €386.2 million, or 11.3%, from €3,403.4 million in 2010 to €3,789.6 million in 2011. The increase in total interest and similar expenses primarily reflected higher expenses on deposits by banks and customer accounts on the back of higher volumes. The decrease in interest expense from subordinated liabilities was primarily caused by the decrease of the average volumes of such subordinated liabilities. Higher interest expenses from debt securities in issue reflected volume increases in financing through debt securities in issue, mainly mortgage and municipal bonds.

The net interest margin (net interest income as a percentage of average interest-bearing assets) decreased from 3.08% in 2010 to 2.97% in 2011. Net interest margin in CEE declined from 4.56% in 2010 to 4.21% in 2011 while it increased slightly in the Austrian business from 2.05% in 2010 to 2.09% in 2011.

### **Risk provisions for loans and advances**

The following table presents the development of risk provisions for loans and advances for the financial years ended 31 December 2011 and 2010:

	Financial year ended 31 December		change in %
	2011 audited	2010	
<b>in € million (unless otherwise indicated)</b>			
Allocation to risk provisions for loans and advances . . . . .	(3,111.8)	(2,887.9)	7.8
Release of risk provisions for loans and advances . . . . .	1,016.5	933.3	8.9
Direct write-offs of loans and advances . . . . .	(223.6)	(93.8)	>100.0
Recoveries on written-off loans and advances . . . . .	52.0	27.4	89.8
<b>Total . . . . .</b>	<b>(2,266.9)</b>	<b>(2,021.0)</b>	<b>12.2</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, risk provisions for loans and advances increased by €245.9 million, or 12.2%, from €2,021.0 million in 2010 to €2,266.9 million in 2011. This increase was primarily attributable to extraordinary provisions in Hungary in the amount of €450.0 million as a consequence of new legislation in Hungary allowing for the early repayment of foreign currency loans at non-market rates and an increase in the NPL coverage ratio. In Austria, the Czech Republic and Slovakia, the trend in risk costs was positive and partially offset the significant increase in Hungary. In Romania, risk provisions for loans and advances remained elevated primarily due to a deterioration in the SME portfolio. See "Risk management—Credit risk—Credit risk review and monitoring."

## Net fee and commission income

The following table presents a breakdown of the components of net fee and commission income for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Lending business . . . . .	279.9	243.8	14.8
Payment transfers . . . . .	863.3	847.3	1.9
Card business . . . . .	205.6	182.1	12.9
Securities business . . . . .	373.4	421.7	(11.5)
Investment fund transactions . . . . .	205.6	215.8	(4.7)
Custodial fees . . . . .	36.5	43.0	(15.1)
Brokerage . . . . .	131.3	162.9	(19.4)
Insurance brokerage . . . . .	105.0	112.0	(6.3)
Building society brokerage . . . . .	33.7	40.1	(16.0)
Foreign exchange transactions . . . . .	24.8	26.1	(5.0)
Investment banking business . . . . .	13.1	25.9	(49.4)
Other . . . . .	94.0	125.6	(25.2)
<b>Total . . . . .</b>	<b>1,787.2</b>	<b>1,842.5</b>	<b>(3.0)</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, net fee and commission income decreased by €55.3 million, or 3.0%, from €1,842.5 million in 2010 to €1,787.2 million in 2011. This decrease was primarily due to declines in the securities business, primarily in Austria, as well as in building society brokerage and investment banking business. The increase in income from payment transfers was due, in large part, to increases in card transactions in the Czech and Croatian subsidiaries. The increase in lending business was primarily attributable to two technical effects, namely the increased scope of consolidation and loan sales in Romania in 2010 that distorted the basis of the comparison.

## Net trading result

The following table presents a breakdown of the components of net trading result for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Securities and derivatives trading . . . . .	(33.4)	103.9	>(100.0)
Foreign exchange transactions . . . . .	155.7	218.0	(28.6)
<b>Total . . . . .</b>	<b>122.3</b>	<b>321.9</b>	<b>(62.0)</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, net trading result decreased by €199.6 million, or 62.0%, from €321.9 million in 2010 to €122.3 million in 2011. The decrease in securities and derivatives trading primarily resulted from changes in the fair value of the CDS portfolio of the International Business, which was almost completely closed out by the fourth quarter of 2011 and had an impact of €182.6 million in 2011. The decrease in net trading result was also due to declines in foreign exchange transactions and the shift of interest income from trading assets, which in 2011 is reported in net interest income rather than net trading result as in 2010.



## General administrative expenses

The following table presents the components of general administrative expenses for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Personnel expenses . . . . .	(2,323.7)	(2,263.8)	2.6
Other administrative expenses . . . . .	(1,152.4)	(1,165.9)	(1.2)
Depreciation and amortisation . . . . .	(374.8)	(387.1)	(3.2)
<b>Total . . . . .</b>	<b>(3,850.9)</b>	<b>(3,816.8)</b>	<b>0.9</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, general administrative expenses increased by €34.1 million, or 0.9%, from €3,816.8 million in 2010 to €3,850.9 million in 2011.

Personnel expenses increased by €59.9 million, or 2.6%, from €2,263.8 million in 2010 to €2,323.7 million in 2011. This increase was partly due to severance payments in the Czech Republic, provisions for severance payments in Hungary and Romania and the integration of Informations-Technologie Austria GmbH into s IT Solutions AT as of 1 July 2010. The latter had a positive effect on other administrative expenses, which fell by 1.2% from €1,165.9 million in 2010 to €1,152.4 million in 2011.

## Other operating result

The following table presents a breakdown of the components of other operating result for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Other operating income . . . . .	195.1	157.4	24.0
Other operating expenses . . . . .	(1,785.0)	(596.7)	>100.0
<b>Total . . . . .</b>	<b>(1,589.9)</b>	<b>(439.3)</b>	<b>&gt;(100.0)</b>
thereof			
Result from real estates/movables/properties/software . . . . .	(84.3)	(77.9)	(8.2)
Allocation/release of other provisions/risks . . . . .	(35.2)	(17.2)	>(100.0)
Expenses for deposit insurance contributions . . . . .	(87.2)	(66.2)	31.7
Amortisation of customer relationships . . . . .	(69.0)	(69.5)	(0.7)
Other taxes . . . . .	(163.5)	(71.9)	>100.0
Impairment of goodwill . . . . .	(1,064.6)	(51.9)	>100.0
Result from other operating expenses/income . . . . .	(86.1)	(84.7)	(1.7)
<b>Total . . . . .</b>	<b>(1,589.9)</b>	<b>(439.3)</b>	<b>&gt;(100.0)</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

In 2011, other operating result decreased by €1,150.6 million from negative €439.3 million in 2010 to negative €1,589.9 million in 2011. This was primarily due to the impairment of goodwill in 2011 in a total amount of €1,064.6 million. Of this amount, in particular, €692.8 million was related to Banca Comercială Română as a result of lower banking sector

profitability in Romania, €312.7 million was related to the write-off in September 2011 of the entire amount of goodwill related to Erste Bank Hungary following difficult economic conditions in Hungary and the adoption of legislation allowing the early repayment of foreign currency loans at a fixed exchange rate below then prevailing exchange rates in the market and €52.7 million was related to certain Austrian subsidiaries, particularly regional savings banks and asset management activities.

Other taxes increased by €91.6 million from €71.9 million in 2010 to €163.5 million in 2011 primarily due to banking taxes. In Austria, the banking tax was introduced in 2011 and resulted in a charge of €132.1 million for Erste Group Bank. In 2011, Hungary permitted netting of the banking tax against losses resulting from the early repayment of foreign currency loans on preferential terms, whereas banking tax in 2010 amounted to €49.8 million. Expenses for impairments (corresponding to the result from real estates/movables/properties/software within other operating result) increased from €77.9 million to €84.3 million due primarily to write-downs on assets accepted as collateral in Hungary.

### Result from financial instruments and financial assets

The following table presents a breakdown of the components of result from financial instruments and financial assets for the financial years ended 31 December 2011 and 2010:

	Financial year ended 31 December		
	2011 audited unless otherwise indicated	2010 unless otherwise indicated	change in %
<b>in € million (unless otherwise indicated)</b>			
<b>Result from financial instruments—at fair value through profit or loss</b>			
Gain/(loss) from measurement/sale of financial instruments at fair value through profit or loss . . . . .	0.3	(6.0)	>100.0
<b>Total (unaudited) . . . . .</b>	<b>0.3</b>	<b>(6.0)</b>	<b>&gt;100.0</b>
<b>Result from financial assets—available for sale</b>			
Gain/(loss) from sale of financial assets available for sale . . . . .	64.1	67.6	(5.2)
Impairment/reversal of impairment of financial assets available for sale . . . . .	(130.3)	(58.4)	>(100.0)
<b>Total . . . . .</b>	<b>(66.2)</b>	<b>9.2</b>	<b>&gt;(100.0)</b>
<b>Result from financial assets—held to maturity</b>			
Income from sale of financial assets held to maturity . . . . .	8.7	6.6	31.8
Reversal of impairment loss of financial assets held to maturity . . . .	1.3	0.0	—
Loss from sale of financial assets held to maturity . . . . .	(27.8)	0.0	—
Impairment of financial assets held to maturity . . . . .	(9.3)	(12.1)	(23.1)
<b>Total . . . . .</b>	<b>(27.1)</b>	<b>(5.5)</b>	<b>&gt;(100.0)</b>
<b>Total result from financial instruments and financial assets (unaudited) . . . . .</b>	<b>(93.0)</b>	<b>(2.3)</b>	<b>&gt;(100.0)</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column “change in %” and or labelled as “unaudited” are based on internal calculations or information of Erste Group Bank.

In 2011, the total result from financial instruments and financial assets declined by €90.7 million from negative €2.3 million in 2010 to negative €93.0 million in 2011. This decline was primarily attributable to impairments and losses on the sale of Greek bonds in the available-for-sale and held-to-maturity portfolios in the amount of €59.5 million, of which €23.5 million were attributable to the Savings Banks subsegment.

## Net profit/loss for the year attributable to owners of the parent

In 2011, net profit/loss for the year attributable to owners of the parent decreased by €1,597.6 million, from a net profit for the year attributable to owners of the parent of €878.7 million in 2010 to a net loss for the year attributable to owners of the parent of €718.9 million in 2011. The decrease primarily reflects the significant decrease in pre-tax profit/loss for the year from a pre-tax profit of €1,324.2 million in 2010 to a pre-tax loss for the year of €322.2 million in 2011.

## Segmental Overview for the financial year ended 31 December 2011 compared with the financial year ended 31 December 2010

### Results by segment

#### Retail & SME

The following table presents the results of operations for the Retail & SME segment for all countries in which Erste Group had operations in the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Net interest income . . . . .	4,716.3	4,623.9	2.0
Risk provisions for loans and advances . . . . .	(2,076.7)	(1,844.6)	12.6
Net fee and commission income . . . . .	1,642.0	1,633.0	0.6
Net trading result . . . . .	58.8	176.2	(66.6)
General administrative expenses . . . . .	(3,278.8)	(3,264.8)	0.4
Other result <sup>(1)</sup> . . . . .	(405.5)	(278.1)	(45.8)
<b>Pre-tax profit/loss . . . . .</b>	<b>656.0</b>	<b>1,045.6</b>	<b>(37.3)</b>
Taxes on income . . . . .	(263.8)	(235.3)	12.1
<b>Net profit/loss for the year . . . . .</b>	<b>392.2</b>	<b>810.4</b>	<b>(51.6)</b>
attributable to non-controlling interests . . . . .	144.4	146.7	(1.6)
<b>attributable to owners of the parent . . . . .</b>	<b>247.7</b>	<b>663.7</b>	<b>(62.7)</b>
Average risk-weighted assets . . . . .	74,934	74,952	0.0
Average attributed equity . . . . .	4,117	4,123	(0.1)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	51.1	50.7	—
ROE <sup>(3)</sup> (in %) . . . . .	6.0	16.1	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

Austria

Erste Bank Oesterreich

The following table presents the results of operations for the Erste Bank Oesterreich subsegment as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	665.9	655.2	1.6
Risk provisions for loans and advances . . . . .	(101.4)	(148.3)	(31.6)
Net fee and commission income . . . . .	320.6	334.0	(4.0)
Net trading result . . . . .	20.2	11.5	75.7
General administrative expenses . . . . .	(609.4)	(606.8)	0.4
Other result <sup>(1)</sup> . . . . .	(63.7)	(25.7)	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>232.2</b>	<b>219.9</b>	<b>5.6</b>
Taxes on income . . . . .	(50.3)	(46.1)	9.1
<b>Net profit/loss for the year . . . . .</b>	<b>181.9</b>	<b>173.8</b>	<b>4.7</b>
attributable to non-controlling interests . . . . .	4.3	6.9	(37.7)
<b>attributable to owners of the parent . . . . .</b>	<b>177.6</b>	<b>166.9</b>	<b>6.4</b>
Average risk-weighted assets . . . . .	13,708	14,389	(4.7)
Average attributed equity . . . . .	1,088	1,143	(4.8)
Cost/income ratio (in %) <sup>(2)</sup> . . . . .	60.5	60.6	—
ROE <sup>(3)</sup> (in %) . . . . .	16.3	14.6	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income increased by €10.7 million, or 1.6%, from €655.2 million in 2010 to €665.9 million in 2011, primarily due to an increase in customer deposits and higher margins. Deposits by customers increased by €1.2 billion, or 4.5%, to €28.7 billion, and loans and advances to customers increased by €0.8 billion, or 2.9%, to €28.2 billion. Net fee and commission income declined by €13.4 million, or 4.0%, during 2011, as a result of a more subdued securities business in line with the overall development of the financial markets. This was partially offset by an increase in net trading result from €11.5 million in 2010 to €20.2 million in 2011, which was due to a shift of derivatives result from net interest income to net trading result. In 2011, general administrative expenses increased by €2.6 million, or 0.4%, which was mainly due to the first-time consolidation of Intermarket Bank AG in 2011. As a result, the cost/income ratio remained almost flat at 60.5% (2010: 60.6%). Risk provisions for loans and advances decreased substantially by €46.9 million, or 31.6%, from €148.3 million to €101.4 million, reflecting the improved risk profile in the Retail & SME segment.

The decline in other result from negative €25.7 million in 2010 to negative €63.7 million in 2011 was primarily due to higher write-downs on and losses from the disposal of securities not held for trading (including Greek bonds) with an aggregate effect of €11.0 million as well as the introduction of the banking tax in Austria (€7.7 million).

## Savings Banks

The following table presents the results of operations for the Savings Banks subsegment as included in the Retail & SME segment (consisting of those savings banks which as a result of their membership in the *Haftungsverbund* are consolidated) for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Net interest income . . . . .	1,015.6	960.6	5.7
Risk provisions for loans and advances . . . . .	(250.4)	(303.3)	(17.4)
Net fee and commission income . . . . .	390.2	393.8	(0.9)
Net trading result . . . . .	12.2	27.2	(55.1)
General administrative expenses . . . . .	(930.9)	(930.9)	0.0
Other result <sup>(1)</sup> . . . . .	(81.9)	(24.4)	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>154.7</b>	<b>123.0</b>	<b>25.8</b>
Taxes on income . . . . .	(40.1)	(32.6)	23.0
<b>Net profit/loss for the year . . . . .</b>	<b>114.6</b>	<b>90.4</b>	<b>26.8</b>
attributable to non-controlling interests . . . . .	108.7	95.8	13.5
<b>attributable to owners of the parent . . . . .</b>	<b>5.9</b>	<b>(5.4)</b>	<b>&gt;100.0</b>
Average risk-weighted assets . . . . .	24,451	23,949	2.1
Average attributed equity . . . . .	304	291	4.5
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	65.6	67.4	—
ROE <sup>(3)</sup> (in %) . . . . .	1.9	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income increased by €55.0 million, or 5.7%, from €960.6 million in 2010 to €1,015.6 million in 2011. This increase was primarily due to positive deposit margin developments and the reclassification of interest income from trading assets, which contributes higher margins, from net trading result to net interest income, which had a significant effect. This reclassification of interest income from net trading result to net interest income amounted to €3.9 million. Net fee and commission income declined by €3.6 million, or 0.9%, from €393.8 million in 2010 to €390.2 million in 2011 mainly driven by lower income from lending business. The decrease in net trading result from €27.2 million in 2010 to €12.2 million in 2011 was largely due to adverse market conditions during the year, particularly in the third quarter, as well as to the shift of interest income from trading assets from net trading result to net interest income.

The decrease in other result from negative €24.4 million in 2010 to negative €81.9 million in 2011 was mainly caused by losses on the sale of securities and write-downs on securities not held in the trading portfolio.

## CEE

The CEE region includes the results from the retail and SME business of the subsegments Czech Republic (Česká spořitelná), Romania (BCR), Slovakia (Slovenská sporiteľňa), Hungary (Erste Bank Hungary), Croatia (Erste Bank Croatia), Serbia (Erste Bank Serbia) and Ukraine (Erste Bank Ukraine). The contributions made by the Group Markets (GM) and Group Corporate and Investment Banking (GCIB) business in the subsegments are reported under the respective segments.

The following table presents the results of operations for the CEE region as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Net interest income . . . . .	3,034.8	3,008.0	0.9
Risk provisions for loans and advances . . . . .	(1,724.9)	(1,393.0)	23.8
Net fee and commission income . . . . .	931.2	905.2	2.9
Net trading result . . . . .	26.4	137.5	(80.8)
General administrative expenses . . . . .	(1,738.4)	(1,727.1)	0.7
Other result <sup>(1)</sup> . . . . .	(259.9)	(228.0)	(14.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>269.1</b>	<b>702.7</b>	<b>(61.7)</b>
Taxes on income . . . . .	(173.4)	(156.6)	10.7
<b>Net profit/loss for the year . . . . .</b>	<b>95.7</b>	<b>546.2</b>	<b>(82.5)</b>
attributable to non-controlling interests . . . . .	31.5	43.9	(28.2)
<b>attributable to owners of the parent . . . . .</b>	<b>64.2</b>	<b>502.3</b>	<b>(87.2)</b>
Average risk-weighted assets . . . . .	36,775	36,614	0.4
Average attributed equity . . . . .	2,724	2,689	1.3
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.5	42.6	—
ROE <sup>(3)</sup> (in %) . . . . .	2.4	18.7	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the region. The average attributed equity of the region represents the economic capital of each region, which is assigned on the basis of credit risk, market risk and operational risk.



## Czech Republic

The following table presents the results of operations for the Czech Republic subsegment (Česká spořitelná) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		change in %
	2011 audited	2010	
Net interest income . . . . .	1,183.2	1,087.2	8.8
Risk provisions for loans and advances . . . . .	(210.5)	(365.8)	(42.5)
Net fee and commission income . . . . .	496.5	476.8	4.1
Net trading result . . . . .	(45.5)	62.5	>(100.0)
General administrative expenses . . . . .	(713.9)	(709.8)	0.6
Other result <sup>(1)</sup> . . . . .	(122.0)	(83.3)	(46.5)
<b>Pre-tax profit/loss . . . . .</b>	<b>587.8</b>	<b>467.4</b>	<b>25.8</b>
Taxes on income . . . . .	(122.4)	(82.7)	48.0
<b>Net profit/loss for the year . . . . .</b>	<b>465.4</b>	<b>384.7</b>	<b>21.0</b>
attributable to non-controlling interests . . . . .	9.2	5.9	55.9
<b>attributable to owners of the parent . . . . .</b>	<b>456.2</b>	<b>378.9</b>	<b>20.4</b>
Average risk-weighted assets . . . . .	12,951	12,422	4.3
Average attributed equity . . . . .	1,065	1,025	3.9
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.7	43.6	—
ROE <sup>(3)</sup> (in %) . . . . .	42.8	37.0	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, Česká spořitelná's net interest income increased by €96.0 million, or 8.8%, from €1,087.2 million in 2010 to €1,183.2 million in 2011. The increase primarily reflects improvements in the asset mix, such as substitution of interbank loans with higher interest-yielding assets, namely securities in the held-to-maturity portfolio. Net fee and commission income increased by €19.7 million, or 4.1%, from €476.8 million in 2010 to €496.5 million in 2011 mainly due to higher fees from current account and card products, as well as improved results from securities transactions.

Net trading result declined significantly from €62.5 million in 2010 to negative €45.5 million in 2011. This decrease was primarily attributable to the overall negative development in the financial markets, negative market valuations of the pension funds and a decrease in income from foreign exchange trading. The particularly strong result in 2010 reflected one-time deals with large customers in the corporate area (municipalities), and foreign currency exchange effects in the banking book due to strong appreciation of the Czech koruna against the Euro.

Other result further deteriorated from negative €83.3 million in 2010 to negative €122.0 million in 2011 due to higher write-downs on securities not held for trading (negative effect of €13.0 million), a lower result from the fair value portfolio (negative effect of €6.0 million), lower gains from sales of apartments and properties (negative effect of

€8.0 million) and higher deposit insurance contributions due to change of contribution rates in the second half of 2010 (negative effect of €8.0 million).

#### Romania

The following table presents the results of operations for the Romania subsegment (BCR) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	672.3	798.6	(15.8)
Risk provisions for loans and advances . . . . .	(499.3)	(506.7)	(1.5)
Net fee and commission income . . . . .	130.1	134.4	(3.2)
Net trading result . . . . .	49.3	24.0	>100.0
General administrative expenses . . . . .	(376.4)	(375.2)	0.3
Other result <sup>(1)</sup> . . . . .	(30.9)	(50.2)	38.4
<b>Pre-tax profit/loss . . . . .</b>	<b>(54.8)</b>	<b>24.8</b>	<b>&gt;(100.0)</b>
Taxes on income . . . . .	23.7	(6.7)	>100.0
<b>Net profit/loss for the year . . . . .</b>	<b>(31.1)</b>	<b>18.1</b>	<b>&gt;(100.0)</b>
attributable to non-controlling interests . . . . .	(8.7)	9.6	>(100.0)
<b>attributable to owners of the parent . . . . .</b>	<b>(22.5)</b>	<b>8.5</b>	<b>&gt;(100.0)</b>
Average risk-weighted assets . . . . .	9,167	9,059	1.2
Average attributed equity . . . . .	556	517	7.5
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	44.2	39.2	—
ROE <sup>(3)</sup> (in %) . . . . .	—	1.6	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Romanian retail and SME segment decreased by €126.3 million, or 15.8%, from €798.6 million in 2010 to €672.3 million in 2011. This decrease was mainly due to the retail business, which suffered from decreasing volumes, especially on unsecured loans, lower up-front fees and decreased margins in subsidised mortgage lending. The corporate business was negatively affected by higher provisions for interest, lower margins as a result of contract renegotiations and promotions, decreasing volumes especially of unsecured loans and lower margins in subsidised mortgage lending. The decrease was partially offset by the rise in net trading result from €24.0 million in 2010 to €49.3 million in 2011, which resulted primarily from revaluation gains in foreign exchange trading.

The improvement in other result from negative €50.2 million in 2010 to negative €30.9 million in 2011 was largely the result of one-off income from the liquidation of the subsidiary Anglo-Romanian Bank Ltd. (€23.5 million).

## Slovakia

The following table presents the results of operations for the Slovakia subsegment (Slovenská sporiteľňa) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	445.7	426.8	4.4
Risk provisions for loans and advances . . . . .	(73.6)	(123.2)	(40.3)
Net fee and commission income . . . . .	112.2	106.6	5.3
Net trading result . . . . .	(4.6)	4.0	>(100.0)
General administrative expenses . . . . .	(224.0)	(222.2)	0.8
Other result <sup>(1)</sup> . . . . .	(40.2)	(20.5)	(96.1)
<b>Pre-tax profit/loss . . . . .</b>	<b>215.5</b>	<b>171.6</b>	<b>25.6</b>
Taxes on income . . . . .	(42.3)	(34.9)	21.2
<b>Net profit/loss for the year . . . . .</b>	<b>173.2</b>	<b>136.7</b>	<b>26.7</b>
attributable to non-controlling interests . . . . .	0.0	0.1	(100.0)
<b>attributable to owners of the parent . . . . .</b>	<b>173.2</b>	<b>136.5</b>	<b>26.9</b>
Average risk-weighted assets . . . . .	4,825	5,231	(7.8)
Average attributed equity . . . . .	401	432	(7.2)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	40.5	41.3	—
ROE <sup>(3)</sup> (in %) . . . . .	43.2	31.6	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Slovak retail and SME business increased by €18.9 million, or 4.4%, from €426.8 million in 2010 to €445.7 million in 2011. The increase was primarily driven by an increase in mortgage lending and improved income from financial investments. Slovenská sporiteľňa increased its housing loan volume by approximately €430 million during 2011, and new consumer loans increased by 16.0% compared to 2010. Net fee and commission income also increased by €5.6 million, or 5.3%, from €106.6 million in 2010 to €112.2 million in 2011, mostly due to higher income from payment transfers. Risk provisions for loans and advances decreased substantially by €49.6 million, or 40.3%, from €123.2 million in 2010 to €73.6 million in 2011, reflecting an improved macroeconomic situation and a better risk profile of customers.

These improvements were partially offset by a decrease in net trading result from €4.0 million in 2010 to negative €4.6 million in 2011, driven by revaluation of CDS in 2011, and by a slight increase in general administrative expenses of €1.8 million, or 0.8%. The decrease by €19.7 million in other result from negative €20.5 million in 2010 to negative €40.2 million in 2011 was due to higher write-downs on real estate as well as revaluation losses on trading assets in relation to securities in the available-for-sale portfolio.

## Hungary

The following table presents the results of operations for the Hungary subsegment (Erste Bank Hungary) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	402.7	387.1	4.0
Risk provisions for loans and advances . . . . .	(812.0)	(244.3)	>100.0
Net fee and commission income . . . . .	97.8	97.8	0.0
Net trading result . . . . .	19.1	23.2	(17.7)
General administrative expenses . . . . .	(200.5)	(202.6)	(1.0)
Other result <sup>(1)</sup> . . . . .	(56.9)	(68.3)	16.7
<b>Pre-tax profit/loss . . . . .</b>	<b>(549.8)</b>	<b>(7.1)</b>	<b>&gt;(100.0)</b>
Taxes on income . . . . .	(16.8)	(14.9)	12.8
<b>Net profit/loss for the year . . . . .</b>	<b>(566.6)</b>	<b>(22.0)</b>	<b>&gt;(100.0)</b>
attributable to non-controlling interests . . . . .	0.0	(0.2)	100.0
<b>attributable to owners of the parent . . . . .</b>	<b>(566.6)</b>	<b>(21.8)</b>	<b>&gt;(100.0)</b>
Average risk-weighted assets . . . . .	4,147	4,703	(11.8)
Average attributed equity . . . . .	345	388	(11.1)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	38.6	39.9	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Hungarian retail and SME segment increased by €15.6 million, or 4.0%, from €387.1 million in 2010 to €402.7 million in 2011. This was driven by higher unwinding effects performed under IAS 39, which led to a corresponding increase in risk provisions, as well as currency-related effects. The decline in net trading result from €23.2 million in 2010 to €19.1 million in 2011 mainly resulted from lower income from the foreign currency retail loan book.

Risk provisions for loans and advances increased significantly from €244.3 million in 2010 to €812.0 million in 2011. This increase was primarily attributable to extraordinary one-time provisions. A provision in the amount of €200.0 million was created to cover expected losses from the early repayment of foreign currency loans at non-market rates, as permitted under new legislation in Hungary. In 2011, the Hungarian government passed legislation enabling retail customers to repay foreign currency loans at fixed rates below the then prevailing market exchange rates. Approximately 20% of eligible customers opted for the early repayment, which resulted in a loss of approximately €200 million and was covered by the risk provisions created in the third quarter of 2011. As 30% of the losses were deductible from the 2011 banking tax, the banking tax burden for 2011 was reduced to zero. Additional risk provisions were also created to increase the NPL coverage ratio in view of the economic outlook and uncertain political climate in Hungary. The required recognition of higher write-downs on collateral for loans and advances to customers to the extent owned by Erste Bank Hungary and restructuring costs had a negative effect on other result.

## Croatia

The following table presents the results of operations for the Croatia subsegment (Erste Bank Croatia) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	261.8	247.9	5.6
Risk provisions for loans and advances . . . . .	(109.3)	(106.0)	3.1
Net fee and commission income . . . . .	76.7	74.0	3.6
Net trading result . . . . .	11.2	9.7	15.5
General administrative expenses . . . . .	(141.1)	(139.0)	1.5
Other result <sup>(1)</sup> . . . . .	(10.2)	(4.8)	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>89.0</b>	<b>81.8</b>	<b>8.8</b>
Taxes on income . . . . .	(16.1)	(17.0)	(5.3)
<b>Net profit/loss for the year . . . . .</b>	<b>72.9</b>	<b>64.7</b>	<b>12.7</b>
attributable to non-controlling interests . . . . .	29.5	28.1	5.0
<b>attributable to owners of the parent . . . . .</b>	<b>43.4</b>	<b>36.7</b>	<b>18.3</b>
Average risk-weighted assets . . . . .	4,321	3,903	10.7
Average attributed equity . . . . .	251	227	10.6
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	40.4	41.9	—
ROE <sup>(3)</sup> (in %) . . . . .	17.3	16.2	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income of Erste Bank Croatia increased by €13.9 million, or 5.6%, from €247.9 million in 2010 to €261.8 million in 2011, primarily due to higher lending volumes and improved margins, particularly in the deposit business. Net fee and commission income also increased by €2.7 million, or 3.6%, from €74.0 million in 2010 to €76.7 million in 2011 as a result of higher income from the cards business primarily from Erste Card Club. Net trading result improved by 15.5% from €9.7 million in 2010 to €11.2 million in 2011 as a result of higher income from foreign exchange trading. A need for higher provisioning in the real estate business caused risk provisions for loans and advances to customers to increase from €106.0 million in 2010 by €3.3 million to €109.3 million in 2011.

## Serbia

The following table presents the results of operations for the Serbia subsegment (Erste Bank Serbia) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	36.4	27.5	32.4
Risk provisions for loans and advances . . . . .	(9.5)	(8.2)	15.9
Net fee and commission income . . . . .	13.0	11.5	13.0
Net trading result . . . . .	0.1	2.4	(95.8)
General administrative expenses . . . . .	(33.8)	(31.0)	9.0
Other result <sup>(1)</sup> . . . . .	(1.2)	(0.8)	(50.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>5.0</b>	<b>1.5</b>	<b>&gt;100.0</b>
Taxes on income . . . . .	0.0	0.0	—
<b>Net profit/loss for the year . . . . .</b>	<b>5.1</b>	<b>1.5</b>	<b>&gt;100.0</b>
attributable to non-controlling interests . . . . .	1.5	0.4	>100.0
<b>attributable to owners of the parent . . . . .</b>	<b>3.6</b>	<b>1.0</b>	<b>&gt;100.0</b>
Average risk-weighted assets . . . . .	606	634	(4.4)
Average attributed equity . . . . .	41	42	(2.4)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	68.1	74.9	—
ROE <sup>(3)</sup> (in %) . . . . .	8.7	2.4	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column “change in %” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income of Erste Bank Serbia increased by €8.9 million, or 32.4%, from €27.5 million in 2010 to €36.4 million in 2011. This increase was primarily attributable to an increase in lending volumes and improved margins in the deposit business as well as rising income from short-term investments in local government bonds. Net trading result decreased from €2.4 million to €0.1 million due to lower income from foreign exchange trading. General administrative expenses increased from €31.0 million to €33.8 million primarily due to rising inflation and higher severance payments. The cost/income ratio nevertheless improved to 68.1% (2010: 74.9%) due to higher operating income (the sum of net interest income, net fee and commission income and net trading result). Other result declined from negative €0.8 million to negative €1.2 million, mainly due to higher deposit insurance contributions.



## Ukraine

The following table presents the results of operations for the Ukraine subsegment (Erste Bank Ukraine) as included in the Retail & SME segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	32.6	32.9	(0.9)
Risk provisions for loans and advances . . . . .	(10.7)	(38.8)	(72.4)
Net fee and commission income . . . . .	4.9	4.1	19.5
Net trading result . . . . .	(3.2)	11.7	>(100.0)
General administrative expenses . . . . .	(48.8)	(47.1)	3.6
Other result <sup>(1)</sup> . . . . .	1.6	(0.1)	>100.0
<b>Pre-tax profit/loss . . . . .</b>	<b>(23.6)</b>	<b>(37.3)</b>	<b>36.7</b>
Taxes on income . . . . .	0.5	(0.2)	>100.0
<b>Net profit/loss for the year . . . . .</b>	<b>(23.2)</b>	<b>(37.5)</b>	<b>38.1</b>
attributable to non-controlling interests . . . . .	0.0	0.0	—
<b>attributable to owners of the parent . . . . .</b>	<b>(23.2)</b>	<b>(37.5)</b>	<b>38.1</b>
Average risk-weighted assets . . . . .	757	664	14.0
Average attributed equity . . . . .	66	59	11.9
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	142.4	96.7	—
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column “change in %” and under “Cost/income ratio (in %)” are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, Erste Bank Ukraine’s net interest income decreased by €0.3 million, or 0.9%, from €32.9 million in 2010 to €32.6 million in 2011 as lower lending volumes were offset by higher interest income from financial assets. Stabilisation of the portfolio led to a significant reduction of risk provisions for loans and advances to customers by €28.1 million in 2011. Higher income from payment transfers and insurance brokerage resulted in an improvement of net fee and commission income by €0.8 million in 2011. The net trading result declined by €14.9 million from €11.7 million in 2010 to a negative €3.2 million in 2011, which was largely due to the shift of interest income from trading assets to net interest income. General administrative expenses increased by €1.7 million, or 3.6%, from €47.1 million in 2010 to €48.8 million in 2011, driven mainly by higher IT and personnel expenses.

## GCIB

The following table presents the results of operations for the GCIB segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	543.2	574.2	(5.4)
Risk provisions for loans and advances . . . . .	(178.2)	(176.4)	1.0
Net fee and commission income . . . . .	118.8	108.3	9.7
Net trading result . . . . .	(129.2)	(128.5)	(0.5)
General administrative expenses . . . . .	(191.5)	(183.9)	4.1
Other result <sup>(1)</sup> . . . . .	(46.7)	(32.4)	(44.1)
<b>Pre-tax profit/loss . . . . .</b>	<b>116.4</b>	<b>161.4</b>	<b>(27.9)</b>
Taxes on income . . . . .	(31.3)	(30.7)	2.0
<b>Net profit/loss for the year . . . . .</b>	<b>85.1</b>	<b>130.7</b>	<b>(34.9)</b>
attributable to non-controlling interests . . . . .	11.4	14.9	(23.5)
<b>attributable to owners of the parent . . . . .</b>	<b>73.8</b>	<b>115.8</b>	<b>(36.3)</b>
Average risk-weighted assets . . . . .	24,429	25,421	(3.9)
Average attributed equity . . . . .	1,956	2,035	(3.9)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	35.9	33.2	—
ROE <sup>(3)</sup> (in %) . . . . .	3.8	5.7	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the GCIB segment decreased by €31.0 million, or 5.4%, from €574.2 million in 2010 to €543.2 million in 2011. This decrease was primarily attributable to the continuing reduction of business volume in the International Business. Net fee and commission income improved by €10.5 million, or 9.7%, from €108.3 million in 2010 to €118.8 million in 2011, mainly due to growth in the real estate business in Austria. The net trading result was largely unchanged in 2011 from the previous year and was affected during 2011 by the negative impact of changes in the fair value of the CDS investment portfolio of the International Business of €182.6 million. Risk provisions for loans and advances increased by only 1.0% from €176.4 million in 2010 to €178.2 million in 2011. While risk provisions increased in the real estate and large corporate business, they were largely set off by the significant decline of such provisions in the International Business as a result of portfolio reduction. In 2011, the decrease of €14.3 million, or 44.1%, in other result was due to higher write-downs and losses on asset sales in the International Business.

## Group Markets

The following table presents the results of operations for the Group Markets (GM) segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	197.4	156.4	26.2
Risk provisions for loans and advances . . . . .	(12.0)	0.0	—
Net fee and commission income . . . . .	126.6	157.1	(19.4)
Net trading result . . . . .	155.2	246.3	(37.0)
General administrative expenses . . . . .	(244.8)	(233.7)	4.7
Other result <sup>(1)</sup> . . . . .	10.2	1.8	>100.0
<b>Pre-tax profit/loss . . . . .</b>	<b>232.7</b>	<b>327.9</b>	<b>(29.0)</b>
Taxes on income . . . . .	(55.6)	(67.6)	(17.8)
<b>Net profit/loss for the year . . . . .</b>	<b>177.0</b>	<b>260.3</b>	<b>(32.0)</b>
attributable to non-controlling interests . . . . .	10.4	15.2	(31.6)
<b>attributable to owners of the parent . . . . .</b>	<b>166.6</b>	<b>245.1</b>	<b>(32.0)</b>
Average risk-weighted assets . . . . .	2,743	2,943	(6.8)
Average attributed equity . . . . .	312	324	(3.7)
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	51.1	41.7	—
ROE <sup>(3)</sup> (in %) . . . . .	53.4	75.7	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Group Markets segment increased by €41.0 million, or 26.2%, from €156.4 million in 2010 to €197.4 million in 2011. The increase was primarily due to the shift of funding costs and interest income from trading assets from net trading result to net interest income. Net trading result decreased by €91.1 million, or 37.0%, from €246.3 million in 2010 to €155.2 million in 2011. The decrease was mainly attributable to the effect of shifting funding costs and interest income from trading assets from net trading result to net interest income (negative effect of €55.8 million). The remaining amount of the overall decrease was attributable to government bonds trading, alternative investments and credit trading and structuring. General administrative expenses increased by 4.7% from €233.7 million in 2010 to €244.8 million in 2011 as a result of new offices in Germany (fixed-income sales) and higher costs in asset management and in Central and Eastern Europe.

## Corporate Center

The following table presents the results of operations for the Corporate Center segment for the financial years ended 31 December 2011 and 2010:

in € million (unless otherwise indicated)	Financial year ended 31 December		
	2011 audited	2010	change in %
Net interest income . . . . .	112,1	84.8	32.2
Risk provisions for loans and advances . . . . .	0.0	(0.1)	100.0
Net fee and commission income . . . . .	(100.2)	(55.8)	(79.6)
Net trading result . . . . .	37.5	27.8	34.9
General administrative expenses . . . . .	(135.9)	(134.5)	1.0
Other result <sup>(1)</sup> . . . . .	(1,240.8)	(132.9)	>(100.0)
<b>Pre-tax profit/loss . . . . .</b>	<b>(1,327.2)</b>	<b>(210.8)</b>	<b>&gt;(100.0)</b>
Taxes on income . . . . .	110.3	52.6	>100.0
<b>Net profit/loss for the year . . . . .</b>	<b>(1,216.9)</b>	<b>(158.1)</b>	<b>&gt;(100.0)</b>
attributable to non-controlling interests . . . . .	(9.9)	(12.2)	18.9
<b>attributable to owners of the parent . . . . .</b>	<b>(1,207.0)</b>	<b>(146.0)</b>	<b>&gt;(100.0)</b>
Average risk-weighted assets . . . . .	970	1,400	(30.7)
Average attributed equity . . . . .	6,654	6,595	0.9
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	274.7	237.1	15.9
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, except that the figures shown in the column "change in %" are based on internal calculations or information of Erste Group Bank. The split of the Corporate Center segment into "Corporate Center excluding intra-group elimination" and "Intra-group elimination" is available only for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011.

- (1) Other result consists of other operating result, result from financial instruments—at fair value through profit or loss, result from financial assets—available for sale and result from financial assets—held to maturity.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year attributable to owners of the parent divided by the average attributed equity allocated to the segment. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

In 2011, net interest income in the Corporate Center segment increased by €27.3 million, or 32.2%, from €84.8 million in 2010 to €112.1 million in 2011, primarily driven by positive contributions from asset liability management. During the same period, net fee and commission income further decreased by €44.4 million, or 79.6%, from negative €55.8 million in 2010 to negative €100.2 million in 2011 mainly due to profit consolidation, which also has a small effect on general administrative expenses.

Other result decreased by €1,107.9 million from negative €132.9 million in 2010 to negative €1,240.8 million in 2011. This decrease was primarily attributable to one-time goodwill write-downs of €692.8 million for the Romanian subsidiary BCR, €312.7 million for the Hungarian subsidiary Erste Bank Hungary and €52.7 million on Austrian subsidiaries. The Austrian banking tax in the amount of €117.5 million was also reported under other result.

## Balance sheet on a consolidated basis as of 31 March 2013 and 31 December 2012, 2011 and 2010

The following table sets forth Erste Group's balance sheet as of the dates indicated. For a further analysis of certain items of Erste Group's balance sheet, see "Selected statistical information".

in € million (unless otherwise indicated)	As of 31 March		As of 31 December				
	2013	% change unaudited	2012 audited	% change unaudited	2011 audited	% change unaudited	2010 audited
<b>Assets</b>							
Cash and balances with central banks . . . . .	7,445.8	(23.6)	9,740.5	3.5	9,412.9	61.2	5,839.4
Loans and advances to credit institutions . . . . .	11,964.4	31.8	9,074.1	19.7	7,577.7	(39.4)	12,496.5
Loans and advances to customers . . . . .	130,335.0	(1.2)	131,927.5	(2.1)	134,749.5	1.8	132,334.1
Risk provisions for loans and advances . . . . .	(7,695.4)	0.7	(7,643.7)	8.8	(7,027.3)	14.8	(6,119.1)
Derivative financial instruments . . . . .	11,429.4	(14.0)	13,289.4	21.6	10,930.8	28.5	8,507.9
Trading assets . . . . .	6,511.6	25.8	5,178.0	(11.9)	5,875.8	6.1	5,535.5
Financial assets—at fair value through profit or loss . . . . .	656.8	(8.2)	715.8	(60.5)	1,813.1	(25.5)	2,434.2
Financial assets—available for sale . . . . .	21,190.2	(5.5)	22,417.7	10.7	20,245.3	14.1	17,751.1
Financial assets—held to maturity . . . . .	19,028.3	0.3	18,974.7	18.0	16,073.6	12.9	14,234.7
Equity method investments . . . . .	211.1	21.3	174.1	0.6	173.1	(22.6)	223.5
Intangible assets . . . . .	2,858.2	(1.2)	2,893.9	(18.1)	3,532.0	(24.4)	4,674.6
Property and equipment . . . . .	2,156.3	(3.2)	2,227.9	(5.6)	2,360.8	(3.5)	2,445.6
Investment property . . . . .	1,011.1	(1.2)	1,022.9	(10.2)	1,139.3 <sup>(1)</sup>	(2.0)	1,163.1 <sup>(2)</sup>
Current tax assets . . . . .	133.1	4.3	127.6	10.3	115.7	(0.7)	116.5
Deferred tax assets . . . . .	679.5	3.3	657.5	(6.3)	701.9	13.8	616.8
Assets held for sale . . . . .	618.0	(12.7)	708.1	>100.0	87.2	66.1	52.5
Other assets . . . . .	4,456.2	90.7	2,338.1	4.1	2,245.1 <sup>(1)</sup>	(35.2)	3,463.2 <sup>(2)</sup>
<b>Total assets . . . . .</b>	<b>212,989.6</b>	<b>(0.4)</b>	<b>213,824.0</b>	<b>1.8</b>	<b>210,006.3</b>	<b>2.1</b>	<b>205,770.0</b>
<b>Liabilities and equity</b>							
Deposits by banks . . . . .	20,678.3	(5.2)	21,822.1	(8.3)	23,785.3	18.0	20,153.9
Customer deposits . . . . .	123,123.6	0.1	123,052.9	3.5	118,880.2	1.6	117,016.3
Debt securities in issue . . . . .	29,810.9	1.3	29,427.3	(4.4)	30,781.6	(1.7)	31,298.5
Value adjustments from portfolio fair value hedges . . . . .	1,428.6	17.1	1,220.0	33.4	914.7 <sup>(1)</sup>	82.2	502.0 <sup>(2)</sup>
Derivative financial instruments . . . . .	9,314.1	(14.4)	10,878.4	16.5	9,336.6	11.2	8,398.8
Trading liabilities . . . . .	368.4	(23.5)	481.0	(10.2)	535.6	>100.0	215.7
Provisions . . . . .	1,494.1	0.4	1,487.7	(5.8)	1,580.1	2.3	1,544.5
Current tax liabilities . . . . .	72.9	37.5	53.0	57.3	33.7	(50.7)	68.4
Deferred tax liabilities . . . . .	292.4	(9.6)	323.5	(6.2)	344.8	5.1	328.1
Other liabilities . . . . .	4,267.6	38.7	3,077.3	7.9	2,851.3 <sup>(1)</sup>	(25.9)	3,847.7 <sup>(2)</sup>
Liabilities associated with assets held for sale . . . . .	342.7	1.2	338.9	—	0.0 <sup>(1)</sup>	—	0.0 <sup>(2)</sup>
Subordinated liabilities . . . . .	5,366.3	0.8	5,323.4	(7.9)	5,782.6	(0.9)	5,838.0
<b>Total equity . . . . .</b>	<b>16,429.7</b>	<b>0.6</b>	<b>16,338.5</b>	<b>7.6</b>	<b>15,180.0</b>	<b>(8.3)</b>	<b>16,558.0</b>
attributable to non-controlling interests . . . . .	3,518.0	1.0	3,483.2	10.8	3,142.9	(8.7)	3,443.6
attributable to owners of the parent . . . . .	12,911.6	0.4	12,855.3	6.8	12,037.1	(8.2)	13,114.4
<b>Total liabilities and equity . . . . .</b>	<b>212,989.6</b>	<b>(0.4)</b>	<b>213,824.0</b>	<b>1.8</b>	<b>210,006.3</b>	<b>2.1</b>	<b>205,770.0</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013, except that the figures shown in the columns "change in %" are based on internal calculations or information of Erste Group Bank.

- (1) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 31 December 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.
- (2) Due to reclassifications in the consolidated financial statements as of and for the financial year ended 31 December 2012 taken from the comparative figures as of 1 January 2011 contained in the balance sheet of the consolidated financial statements as of and for the financial year ended 31 December 2012.

## Total assets

In the first quarter 2013, total assets decreased from €213,824.0 million as of 31 December 2012 by €834.4 million or 0.4% to €212,989.6 million as of 31 March 2013. The decrease in total assets was primarily attributable to the reduction in loans and advances to customers in the Retail & SME segment. While cash and balances with central banks decreased from €9,740.5 million as of 31 December 2012 to €7,445.8 million as of 31 March 2013, loans and advances to credit institutions increased from €9,074.1 million as of 31 December 2012 to €11,964.4 million as of 31 March 2013. The repayment of "Long-Term Refinancing Operation" (LTRO) funds was, to the large extent, offset by higher interbank activity.

The decrease of loans and advances to customers from €131,927.5 million as of 31 December 2012 to €130,335.0 million as of 31 March 2013 was caused by the reduction of lending volumes in the Retail & SME segment primarily in Hungary and Romania as well as the depreciation of certain CEE local currencies against the euro, primarily Czech koruna and Hungarian forint, in the first quarter 2013. The decrease in financial assets available for sale from €22,417.7 million as of 31 December 2012 to €21,190.2 million as of 31 March 2013 corresponds to the increase of other assets as a result of the changed presentation of the balance sheet items of the Czech pension fund.

In 2012, total assets increased by €3,817.7 million, or 1.8%, from €210,006.3 million as of 31 December 2011 to €213,824.0 million as of 31 December 2012. The increase in total assets was primarily driven by an increase in financial assets as a result of preparatory actions to meet anticipated Basel 3 liquidity requirements as of 2014 as well as investments of surplus liquidity from the growth of customer deposits. Loans and advances to credit institutions increased from €7,577.7 million as of 31 December 2011 to €9,074.1 million as of 31 December 2012 as a result of excess liquidity depositing. Increases in assets held for sale from €87.2 million as of 31 December 2011 to €708.1 million as of 31 December 2012 were triggered by classification of Erste Bank Ukraine as disposal group held for sale in accordance with IFRS 5 following the signing of the sale agreement in December 2012. The increase in total assets was offset by lower volumes of loans and advances to customers due to the reduction in International Business and real estate business as well as a result of legislation in Hungary that allowed for loans denominated in foreign currencies, such as Euro, U.S. dollar and Swiss francs to be converted to Hungarian forint at below market rates. The decrease in financial assets at fair value through profit or loss to €715.8 million as of 31 December 2012 reflected the reduction of non-core assets. The decrease in intangible assets from €3,532.0 million as of 31 December 2011 by 18.1% to €2,893.9 million as of 31 December 2012 was driven by goodwill impairments.

In 2011, total assets increased by €4,236.3 million, or 2.1%, from €205,770.0 million as of 31 December 2010 to €210,006.3 million as of 31 December 2011. The increase in total assets was driven by a 61.2% increase in cash and balances with central banks from €5,839.4 million as of 31 December 2010 to €9,412.9 million as of 31 December 2011, primarily as a result of temporary additional liquidity from the "Long-Term Refinancing Operation" (LTRO) of the ECB. At the same time, loans and advances to credit institutions decreased by 39.4% from €12,496.5 million as of 31 December 2010 to €7,577.7 million as of 31 December 2011 as a consequence of the reduction of the non-core business. Higher amounts of cash and balances with central banks at the account of lower amounts of loans and advances to credit institutions were caused by low interbank activity at year-end. Another driver of the increase in total assets' was loans and advances to customers, which increased from €132,334.1 million as of 31 December 2010 by 1.8% to €134,749.5 million as of 31 December 2011. The increase in loans and advances to customers was primarily attributable to increases in Austria and Slovakia, where housing loan volumes increased. Investment securities held within the various categories of financial assets had increased by 10.8% at the end of 2011 mainly due to the need to invest the inflow of deposits and to continue enhancing the liquidity position in preparation of anticipated future liquidity rules under Basel 3. The decrease in intangible assets from €4,674.6 million as of 31 December 2010 by 24.4% to €3,532.0 million as of 31 December 2011



was caused by the impairment of goodwill primarily related to the Hungarian, Romanian and certain Austrian subsidiaries in a total amount of €1,064.6 million.

### **Total liabilities and equity**

In the first quarter 2013, total liabilities and equity decreased from €213,824.0 million as of 31 December 2012 by €834.4 million, or 0.4%, to €212,989.6 million as of 31 March 2013. The primary driver behind this development was the repayment of "Long-Term Refinancing Operation" (LTRO) funds, which was, however, largely offset by the inflow of customer deposits, and lower deposits by banks. The decrease of deposits by banks from €21,822.1 million as of 31 December 2012 to €20,678.3 million as of 31 March 2013 was driven by the repayment of LTRO funds and mitigated by higher interbank activity. The slight increase of customer deposits from €123,052.9 million as of 31 December 2012 to €123,123.6 million as of 31 March 2013 reflected the strong underlying customer deposit inflows mainly in the Czech Republic and Slovakia and partially offset by the changed presentation of the Czech Pension fund which was reclassified from customer deposits to other liabilities.

In 2012, total liabilities and equity increased by €3,817.7 million, or 1.8%, from €210,006.3 million as of 31 December 2011 to €213,824.0 million as of 31 December 2012. The increase in total liabilities was primarily driven by growth in customer deposits mainly in Austria, the Czech Republic, Slovakia and Hungary. The increase in total liabilities was partially offset by lower volumes of deposits by banks, which went down from €23,785.3 million as of 31 December 2011 to €21,822.1 million as of 31 December 2012 as a result of lower funding requirements. Debt securities in issue decreased from €30,781.6 million as of 31 December 2011 to €29,427.3 million as of 31 December 2012. The increase in total equity from €15,180.0 million as of 31 December 2011 by 7.6% to €16,338.5 million as of 31 December 2012 was primarily driven by the net profit for the year 2012 as well as by an improvement in the available-for-sale reserve.

In 2011, total liabilities and equity increased by €4,236.3 million, or 2.1%, from €205,770.0 million as of 31 December 2010 to €210,006.3 million as of 31 December 2011. The increase in total liabilities was driven by an 18.0% increase in deposits by banks from €20,153.9 million as of 31 December 2010 to €23,785.3 million as of 31 December 2011 in connection with the LTRO measures of the ECB, under which Erste Group borrowed €3 billion in December 2011. Customer deposits increased by 1.6% from €117,016.3 million as of 31 December 2010 to €118,880.2 million as of 31 December 2011, primarily as a result of increased deposits of corporate customers in Austria. The increase in total liabilities was partially offset by the decrease in total equity from €16,558.0 million as of 31 December 2010 by 8.3% to €15,180.0 million as of 31 December 2011, mainly driven by the net loss reported for 2011 and dividend payments for the financial year 2010.

## Liquidity and capital resources

### Sources of funding

Erste Group relies principally on a three-pronged approach to funding, which, in order of significance, comprises: (i) customer deposits, (ii) debt securities in issue and (iii) deposits by banks. As of 31 March 2013 and 31 December 2012, these three sources accounted for 82% and 82% of total liabilities and equity, respectively.

Erste Group's funding and liquidity profile reflects its business model that primarily focuses on the retail and corporate customer business in Austria and Central and Eastern Europe with the main source of funding consisting of customer deposits in an aggregate amount of €123.1 billion and a loan-to-deposit ratio (loans and advances to customers which amounted to €130.3 billion as a percentage of customer deposits) of 105.9%, each as of 31 March 2013.

Erste Group is a leading banking group focused on retail and corporate customers in Austria and Central and Eastern Europe and believes that it has a diversified deposit base across its core markets which creates a relatively stable funding base for its operations. In addition, as of 31 March 2013, Erste Group had a total of €29.8 billion in debt securities in issue outstanding (down from €29.4 billion as of 31 December 2012 and €30.8 billion as of 31 December 2011). Erste Group's third source of funding comes from interbank deposits and other amounts due to credit institutions. As of 31 March 2013, 31 December 2012 and 31 December 2011, the deposits by banks totalled €20.7 billion, €21.8 billion and €23.8 billion, respectively.

### Customer deposits

As of 31 March 2013, approximately 58% of total assets are funded by customer deposits. Erste Group's customer deposits benefit from a high level of diversification, as more than two thirds originate from retail customers. The overall modelled maturity of demand deposits was approximately 3.5 years as of 31 March 2013. Over the past few years, customer deposits proved to be particularly stable despite economic and financial crises. Although weekly volatilities of net deposit cash flows may amount to more than €2.0 billion across Erste Group, at least 95% of demand deposits remained with Erste Group at any point in time.

For the ordinary course of business scenario, the liquidity and interest behaviour of demand deposits is modelled based on statistical analysis using volatility of volume, changes of market rates and changes of the interest paid to customers. The analysis will be regularly validated. For stressed scenarios (market stress, idiosyncratic and combined scenarios) additional outflow assumptions for products with defined and undefined maturities are taken into account depending on the nature of the product, the country of origin and the currency denomination. These stressed assumptions are partly based on statistical analysis and expert judgment.

The following table sets out the customer deposits split by clients, maturity and interest type as of 31 March 2013 and 31 December 2012, 2011 and 2010. In terms of customer composition, retail is dominant, but is complemented by significant positions in the corporate and public sector segments. Customers typically make deposits in local currency, which explains the high share of Euro- and CEE local currency-based deposits. While the majority of customer deposits

are demand deposits, their behavioural maturity typically exceeds their contractual maturities. Almost all customer deposits carry a variable interest rate.

in € million	As of	As of 31 December			As of	As of 31 December		
	31 March 2013	2012	2011	2010	31 March 2013	2012	2011	2010
	Domestic unaudited	Domestic	Domestic audited	Domestic	Abroad unaudited	Abroad	Abroad audited	Abroad
Savings deposits . . . . .	41,681	41,931	41,508	41,347	13,888	14,358	13,229	12,974
Other deposits								
Public sector . . . . .	648	985	908	987	5,236	3,353	2,814	3,293
Commercial customers . . . . .	12,906	12,198	12,450	11,118	13,844	13,979	12,893	13,072
Private customers <sup>(1)(2)</sup> . . . . .	6,100	6,024	5,505	5,263	28,821	29,525	28,888	28,382
Sundry <sup>(2)</sup> . . . . .	—	328	318	279	—	372	367	301
<b>Total other . . . . .</b>	<b>19,654</b>	<b>19,535</b>	<b>19,181</b>	<b>17,647</b>	<b>47,901</b>	<b>47,229</b>	<b>44,962</b>	<b>45,048</b>
<b>Total . . . . .</b>	<b>61,335</b>	<b>61,466</b>	<b>60,689</b>	<b>58,994</b>	<b>61,789</b>	<b>61,587</b>	<b>58,191</b>	<b>58,022</b>

in € million	As of	As of 31 December		
	31 March 2013 Total unaudited	2012 Total	2011 Total audited	2010 Total
Savings deposits . . . . .	55,569	56,289	54,737	54,321
Other deposits				
Public sector . . . . .	5,884	4,338	3,722	4,280
Commercial customers . . . . .	26,751	26,177	25,343	24,190
Private customers <sup>(1)(2)</sup> . . . . .	34,920	35,549	34,393	33,645
Sundry <sup>(2)</sup> . . . . .	—	700	685	580
<b>Total other . . . . .</b>	<b>67,555</b>	<b>66,764</b>	<b>64,143</b>	<b>62,695</b>
<b>Total . . . . .</b>	<b>123,124</b>	<b>123,053</b>	<b>118,880</b>	<b>117,016</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

(1) Shown as "Other deposits" in the audited consolidated financial statements as of and for the financial year ended 31 December 2012.

(2) For periods after 1 January 2013, "Sundry" is not shown separately and is included under "Private customers".

While loans are almost fully covered by deposits at the level of Erste Group, the situation varies at the local subsidiary level. Subsidiary banks in several countries, such as the Czech Republic and Slovakia, have loan-to-deposit ratios (the ratio of loans and advances to customers as a percentage of customer deposits) below 100%, while subsidiary banks in other countries, such as Romania, Hungary and Croatia have loan-to-deposit ratios in excess of 100%. While Hungary and Romania improved their loan-to-deposit ratios since 2008, the deterioration in Croatia, especially since 2010, is almost exclusively due to the integration of Erste Card Club, a credit card company, into the Croatian subsidiary. The loan-to-deposit ratio in the following table is

calculated at the level of the local subsidiaries, each of which represents a major part of the retail and SME business in the relevant country.

	As of 31 March 2013	As of 31 December		
		2012 unaudited	2011	2010
<b>Loan-to-deposit ratio (in %)<sup>(1)</sup></b>				
<b>Austria</b>				
Erste Bank Oesterreich <sup>(2)</sup> . . . . .	75.8	76.7	81.2	84.0
Savings Banks . . . . .	—	—	—	—
<b>Czech Republic<sup>(3)</sup></b> . . . . .	70.6	69.4	71.9	68.6
<b>Romania<sup>(4)</sup></b> . . . . .	138.2	140.6	134.6	138.1
<b>Slovakia<sup>(5)</sup></b> . . . . .	81.1	84.3	83.4	74.5
<b>Hungary<sup>(6)</sup></b> . . . . .	127.7	138.2	191.8	203.1
<b>Croatia<sup>(7)</sup></b> . . . . .	150.0	150.2	149.8	123.2
<b>Serbia<sup>(8)</sup></b> . . . . .	96.2	114.5	100.5	94.8
<b>Ukraine<sup>(9)</sup></b> . . . . .	160.0	155.4	262.1	358.3

Source: Internal information of Erste Group Bank.

(1) The loan-to-deposit ratio is the ratio of loans and advances to customers as a percentage of customer deposits.

(2) The following table shows the calculation of the loan-to-deposit ratio for Erste Bank Oesterreich as of 31 March 2013 and 31 December 2012, 2011 and 2010:

**Erste Bank Oesterreich**

	As of 31 March 2013	As of 31 December		
		2012 unaudited	2011	2010
<b>in € million (unless otherwise indicated)</b>				
Loans and advances to customers . . . . .	13,658	13,773	14,053	13,697
Customer deposits . . . . .	18,031	17,963	17,316	16,315
<b>Loan-to-deposit ratio (in %) . . . . .</b>	<b>75.8</b>	<b>76.7</b>	<b>81.2</b>	<b>84.0</b>

Source: Internal information of Erste Group Bank.

(3) The following table shows the calculation of the loan-to-deposit ratio for the Czech Republic as of 31 March 2013 and 31 December 2012, 2011 and 2010:

**Czech Republic**

	As of 31 March 2013	As of 31 December		
		2012 unaudited	2011	2010
<b>in € million (unless otherwise indicated)</b>				
Loans and advances to customers . . . . .	19,205	19,447	18,751	18,354
Customer deposits . . . . .	27,221	28,012	26,071	26,746
<b>Loan-to-deposit ratio (in %) . . . . .</b>	<b>70.6</b>	<b>69.4</b>	<b>71.9</b>	<b>68.6</b>

Source: Internal information of Erste Group Bank.

(4) The following table shows the calculation of the loan-to-deposit ratio for Romania as of 31 March 2013 and 31 December 2012, 2011 and 2010:

**Romania**

	As of 31 March 2013	As of 31 December		
		2012 unaudited	2011	2010
<b>in € million (unless otherwise indicated)</b>				
Loans and advances to customers . . . . .	11,702	11,980	12,346	12,257
Customer deposits . . . . .	8,468	8,522	9,175	8,876
<b>Loan-to-deposit ratio (in %) . . . . .</b>	<b>138.2</b>	<b>140.6</b>	<b>134.6</b>	<b>138.1</b>

Source: Internal information of Erste Group Bank.

- (5) The following table shows the calculation of the loan-to-deposit ratio for Slovakia as of 31 March 2013 and 31 December 2012, 2011 and 2010:

**Slovakia**

in € million (unless otherwise indicated)	As of 31 March 2013	As of 31 December		
		2012 unaudited	2011	2010
Loans and advances to customers . . . . .	7,251	7,093	6,697	6,075
Customer deposits . . . . .	8,939	8,413	8,034	8,158
<b>Loan-to-deposit ratio (in %) . . . . .</b>	<b>81.1</b>	<b>84.3</b>	<b>83.4</b>	<b>74.5</b>

Source: Internal information of Erste Group Bank.

- (6) The following table shows the calculation of the loan-to-deposit ratio for Hungary as of 31 March 2013 and 31 December 2012, 2011 and 2010:

**Hungary**

in € million (unless otherwise indicated)	As of 31 March 2013	As of 31 December		
		2012 unaudited	2011	2010
Loans and advances to customers . . . . .	6,070	6,430	7,360	8,111
Customer deposits . . . . .	4,753	4,654	3,838	3,993
<b>Loan-to-deposit ratio (in %) . . . . .</b>	<b>127.7</b>	<b>138.2</b>	<b>191.8</b>	<b>203.1</b>

Source: Internal information of Erste Group Bank.

- (7) The following table shows the calculation of the loan-to-deposit ratio for Croatia as of 31 March 2013 and 31 December 2012, 2011 and 2010:

**Croatia**

in € million (unless otherwise indicated)	As of 31 March 2013	As of 31 December		
		2012 unaudited	2011	2010
Loans and advances to customers . . . . .	6,467	6,522	6,339	5,168
Customer deposits . . . . .	4,312	4,342	4,231	4,195
<b>Loan-to-deposit ratio (in %) . . . . .</b>	<b>150.0</b>	<b>150.2</b>	<b>149.8</b>	<b>123.2</b>

Source: Internal information of Erste Group Bank.

- (8) The following table shows the calculation of the loan-to-deposit ratio for Serbia as of 31 March 2013 and 31 December 2012, 2011 and 2010:

**Serbia**

in € million (unless otherwise indicated)	As of 31 March 2013	As of 31 December		
		2012 unaudited	2011	2010
Loans and advances to customers . . . . .	575	569	486	431
Customer deposits . . . . .	598	497	483	455
<b>Loan-to-deposit ratio (in %) . . . . .</b>	<b>96,2</b>	<b>114.5</b>	<b>100.5</b>	<b>94.8</b>

Source: Internal information of Erste Group Bank.

- (9) The following table shows the calculation of the loan-to-deposit ratio for the Ukraine as of 31 March 2013 and 31 December 2012, 2011 and 2010:

**Ukraine**

in € million (unless otherwise indicated)	As of 31 March 2013	As of 31 December		
		2012 unaudited	2011	2010
Loans and advances to customers . . . . .	410	426	497	486
Customer deposits . . . . .	256	274	190	136
<b>Loan-to-deposit ratio (in %) . . . . .</b>	<b>160.0</b>	<b>155.4</b>	<b>262.1</b>	<b>358.3</b>

Source: Internal information of Erste Group Bank.

## Debt securities in issue

Debt securities in issue represent principally long-term funding through the issuance of bonds. The relative share in funding total assets through debt securities in issue remained relatively stable at approximately 14% as of 31 March 2013, underscoring Erste Group's continued strong ability to attract market-based senior unsecured and covered bond funding. Approximately 75% of debt securities in issue had remaining maturities in excess of one year as of 31 March 2013 and one third had remaining maturities in excess of five years. This debt has an aggregate redemption amount of €13.8 billion in the next three years (by the end of the first quarter 2016), with total redemption amounts of no more than €5 billion annually.

In 1998, Erste Group Bank launched a debt issuance programme (DIP) of up to €30 billion for the issuance of debt instruments in various currencies and with a wide array of available structures and maturities. In the first quarter 2013, fifteen new issues with a total volume of approximately €100 million were issued under the DIP. In 2012, 77 new issues with a total volume of approximately €5.1 billion were issued under the DIP. In addition, in July 2010, a programme to offer bonds to retail customers was implemented. In the first quarter 2013, 109 new issues with a total volume of approximately €600 million were issued under both programmes, while in 2012, 151 new issues with a total volume of approximately €1.2 billion were floated under both programmes. In 2012, issues under both programmes totalling approximately €5.5 billion were redeemed (for the first quarter of 2013 approximately €900 million). As of 31 December 2012, approximately €24.1 billion were outstanding under both programmes, thereof approximately €21.0 billion under the DIP corresponding to a DIP utilisation of approximately 70%. As of 31 March 2013, approximately €22.2 billion were outstanding under both programmes, thereof approximately €19 billion under the DIP corresponding to a DIP utilization of approximately 65%.

In January 2009, Erste Group Bank established a €6 billion DIP in respect of issues guaranteed by Austria pursuant to a framework agreement for bond issues entered into with Austria (see "*Description of Erste Group's business—Material contracts—Framework agreement for guaranteed bonds*"). Under this programme, Erste Group Bank has the right to issue bonds with an aggregate volume of €6 billion that will be guaranteed by the Republic of Austria. As of 31 March 2013, Erste Group Bank had issued four series of bonds guaranteed by the Republic of Austria, three series with a total nominal amount of €4.0 billion and one series with a total nominal amount of CHF75 million. Of these bonds, €1.0 billion remained outstanding at 31 March 2013.

## Deposits by banks

Erste Group's reliance on interbank funding or deposits by banks has decreased significantly since 2005, falling from approximately 22% of total assets as of 31 December 2005 to approximately 10% as of 31 March 2013.

## Liquidity buffer

The liquidity buffer is the main instrument to cover for unexpected cash outflows arising from the withdrawal of client deposits and disruptions in short-term wholesale funding markets. The liquidity buffer consists of cash, securities and other instruments eligible at central banks for refinancing operations (secured funding). Other instruments include credit claims and unsold own issues. The centralised liquidity management in Erste Group means that local entities keep their liquidity buffer mainly in local (non-Euro) currency while Erste Group Bank is responsible for the foreign currency buffer.

Erste Group keeps investing in the liquidity buffer in order to maintain full coverage of unsecured short-term funding sources, and to be able to comply with internal and external liquidity requirements, especially anticipated liquidity requirements under Basel 3. The coverage of short-term wholesale funding (remaining maturities below one year) by free eligible collateral has been steadily increasing over the last years. As of 31 March 2013, Erste Group held central bank eligible collateral in an aggregate amount of approximately €45 billion. As of



31 March 2013, approximately 30% thereof were denominated in local (non-Euro) currencies and thus eligible for refinancing transactions with local central banks, while approximately 70% thereof were eligible for refinancing operations with the ECB, the U.S. Federal Reserve Bank and the Swiss National Bank. As of 31 March 2013, an amount of approximately €7.5 billion thereof was encumbered (mainly repos and pledges to secure long-term third-party funding), while an amount of approximately €37.5 billion was unencumbered. Approximately 90% of the liquidity buffer is composed of securities, while approximately 10% are mainly credit claims.

### Cash flow

The following table sets forth the composition of Erste Group Bank's cash flow for the three-month periods ended 31 March 2013 and 2012 and the financial years ended 31 December 2012, 2011 and 2010:

in € million	Three months ended 31 March		Financial year ended 31 December		
	2013 unaudited	2012	2012	2011	2010
Cash flow from operating activities . . . . .	(2,222)	(1,224)	3,962	6,721	320
Cash flow from investing activities . . . . .	(114)	(1,711)	(3,413)	(2,458)	191
Cash flow from financing activities . . . . .	61	(1,020)	(215)	(576)	(693)
Cash and cash equivalents <sup>(1)</sup> at beginning of period <sup>(2)</sup> .	9,740	9,413	9,413	5,839	5,996
Cash and cash equivalents <sup>(1)</sup> at end of period . . . . .	7,446	5,480	9,740	9,413	5,839
Cash flows related to taxes, interest and dividends . . .	—	—	5,066	5,329	5,084

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012.

(1) Cash and cash equivalents are equal to cash in hand and balances held with central banks.

(2) In the condensed cash flow statement of the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 labelled as "cash and cash equivalents at the end of the previous year".

### Cash flow from operating activities

Cash flow from operating activities is derived from net profit/loss for the year and adjusted for non-cash items in net profit/loss for the year. Such adjustments include depreciation, amortisation, impairment and reversal of impairment, revaluation of assets, allocation to and release of provisions as well as gains/losses from the sale of assets. Cash flow from operating activities is further adjusted by changes in operating assets and liabilities. Operating assets and liabilities consist of assets and liabilities that are part of Erste Group's normal business activities.

In the first quarter 2013, cash outflow from operating activities amounted to €2,222 million, largely due to an increase in loans and advances to credit institutions. In the first quarter 2012, cash outflow from operating activities amounted to €1,224 million, primarily driven by an increase in loans and advances to credit institutions, which was partially offset by an increase in customer deposits and deposits by banks. In 2012, cash inflow from operating activities decreased from €6,721 million in 2011 by €2,759 million to €3,962 million in 2012, mainly due to an increase in loans and advances to credit institutions and a decrease in deposits by banks. In 2011, cash inflow from operating activities increased from €320 million in 2010 by €6,401 million to €6,721 million in 2011, primarily due to an increase in deposits by banks.

### Cash flow from investing activities

Investing activities include acquisitions and divestments of non-current assets, such as property and equipment, as well as intangible and financial assets.

In the first quarter 2013, cash outflow from investing activities amounted to €114 million mainly due to cash outflows for the acquisition of financial assets held to maturity and

associated companies. In the first quarter 2012, cash outflows for the acquisition of financial assets held to maturity and associated companies resulted in cash outflows from investing activities in the amount of €1,711 million. In 2012, cash outflow from investing activities amounted to €3,413 million due to higher cash outflows for the acquisition of financial assets held to maturity and associated companies (resulting in a net cash outflow amounting to €3,160 million). In 2011, the cash outflow from investing activities was €2,458 million due to higher cash outflows for the acquisition of financial assets held to maturity and associated companies compared to cash inflows resulting from proceeds of disposal of financial assets held to maturity and associated companies (resulting in a net cash outflow amounting to €2,066 million).

#### ***Cash flow from financing activities***

Financing activities are activities that result in changes in equity and subordinated liabilities, such as the issuance of new shares, the payment of dividends, as well as the issuance or amortisation of subordinated liabilities.

In the first quarter 2013, cash inflow from financing activities amounted to €61 million. In the first quarter 2012, cash outflow from financing activities amounted to €1,020 million, mainly due to a decrease of subordinated liabilities. In 2012, cash outflow from financing activities amounted to €215 million, largely due to dividends paid to equity holders of the parent and non-controlling interests, together amounting to €179 million. In 2011, the cash outflow from financing activities amounted to €576 million, primarily due to such dividend payments in the amount of €441 million.

#### ***Cash and cash equivalents***

Cash and cash equivalents are equal to cash in hand and balances held with central banks. The yearly development of cash and cash equivalents represents the development of cash flows from operating, investing and financing activities, and the effects of currency translation.

In the first quarter 2013, cash and cash equivalents decreased by €2,294 million, from €9,740 million at the beginning of the period to €7,446 million as of 31 March 2013. In the first quarter 2012, cash and cash equivalents decreased by €3,933 million, from €9,413 million at the beginning of the period to €5,480 million as of 31 March 2012. In 2012, cash and cash equivalents increased slightly by €327 million, from €9,413 million at the beginning of the period to €9,740 million at the end of the period. In 2011, cash and cash equivalents increased by €3,574 million, from €5,839 million at the beginning of the period to €9,413 million at the end of the period.

#### ***Capital expenditures***

Erste Group frequently works on projects related, *inter alia*, to core banking systems, business intelligence and data warehouse systems, card processing as well as electronic and mobile channels to adapt its customer-facing infrastructure and technologies, such as applications for smartphones and other mobile devices that aim at improving Erste Group's competitive position by differentiating Erste Group from competitors. In addition, to ensure compliance with regulatory requirements, Erste Group is continuously enhancing technical solutions for strategic projects, such as Basel 3, IFRS 9, Market Risk Management, Liquidity Risk Management, Limit Management and Exposure Reporting and Compliance. See "*Description of Erste Group's business—Information technology*". Such IT projects are frequently financed directly from cash flow from operating activities.

Currently, Erste Group is building its new headquarters "Erste Campus" for all entities located in Vienna. Upon completion which is currently planned for 2016, approximately 4,000 employees are expected to use the new office building centrally located in the new district "Quartier Belvedere". See "*Description of Erste Group's business—Land and buildings*". Construction of "Erste Campus" was commenced in 2012 by Erste Group Immorent AG as project developer. While at the unconsolidated level of Erste Group Immorent AG, the project

represents an ordinary real estate commercial finance, at the consolidated level of Erste Group Bank, the project is financed from cash flow.

### Total equity attributable to owners of the parent and subordinated liabilities

The following table shows the total equity attributable to owners of Erste Group Bank as of 31 March 2013 and 31 December 2012, 2011 and 2010:

in € million	As of	As of 31 December		
	31 March 2013	2012	2011	2010
	unaudited	audited, unless indicated otherwise		
Total equity attributable to owners of the parent				
<b>Subscribed capital</b> . . . . .	<b>2,547</b>	<b>2,547</b>	<b>2,539</b>	<b>2,513</b>
Share capital (paid up capital) . . . . .	789	789	782	756
Participation capital <sup>(1)</sup> . . . . .	1,757	1,757	1,757	1,757
<b>Additional paid-in capital</b> . . . . .	<b>6,472</b>	<b>6,472</b>	<b>6,413</b>	<b>6,177</b>
<b>Retained earnings and other reserves</b> . . . . .	<b>3,894</b>	<b>3,836</b>	<b>3,085</b>	<b>4,424</b>
thereof cash flow hedge reserve . . . . .	34	41	35	11
thereof available for sale reserve . . . . .	239	227	(316)	(278)
thereof currency translation . . . . .	(673)	(555)	(541)	(312)
thereof remeasurement of net liability of defined pension plans <sup>(2)</sup> (unaudited) . . . . .	(268)	(272)	(246)	(221)
thereof deferred tax reserve . . . . .	6	(4)	77	64
<b>Total equity attributable to owners of the parent</b> . . . . .	<b>12,912</b>	<b>12,855</b>	<b>12,037</b>	<b>13,114</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013.

- (1) Sum of "participation capital—state" plus "participation capital—private", each as shown in the Unaudited Interim Condensed Consolidated Financial Statements, net of expenses associated with its issuance of approximately €7 million.
- (2) For financial years ended on or before 31 December 2012, "remeasurement of net liability of defined pension plan" was not shown separately in the statement of changes in total equity (unaudited for financial years ended 31 December 2012, 2011 and 2010).

In the first quarter 2013, total equity attributable to owners of the parents slightly increased by €57 million, or 0.4%, from €12,855 million as of 31 December 2012 to €12,912 million as of 31 March 2013.

In 2012, total equity attributable to owners of the parent increased by €818 million, or 6.8%, from €12,037 million as of 31 December 2011 to €12,855 million as of 31 December 2012. This increase was driven primarily by the net profit for the year 2012 as well as an improvement in the available-for-sale reserve.

In 2011, total equity attributable to owners of the parent decreased by €1,077 million or 8.2% to €12,037 million. This decrease was mainly driven by a net loss of €719 million and lower exchange rates of several CEE currencies against the Euro resulting in a decrease in the currency translation reserve of €229 million. Furthermore, total equity attributable to owners of the parent was negatively affected by the decrease in the available for sale reserve in an amount of €38 million in 2011. The net loss of €719 million in 2011 was primarily a result of impairments of goodwill in an amount of €1,065 million.

In 2010, total equity attributable to owners of the parent increased by €740 million or 6.0% to €13,114 million. The increase resulted largely from an increase in retained earnings in 2010. This increase mainly reflects the net profit for 2010 less dividends paid.

The following table shows the subordinated liabilities as of 31 March 2013 and 31 December 2012, 2011 and 2010:

in € million	As of	As of 31 December		
	31 March 2013 unaudited	2012	2011	2010
Subordinated liabilities . . . . .	5,366	5,323	5,783	5,838

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013.

The following table shows a breakdown of the carrying amount of subordinated liabilities by remaining maturities:

in € million	On demand	Up to 3 months	More than	More than	Greater than 5 years
			3 months and up to 1 year unaudited	1 year and up to 5 years	
Subordinated liabilities as of 31 March 2013 . . . .	0	227	150	1,398	3,591
Subordinated liabilities as of 31 December 2012 . .	0	517	47	1,285	3,474
Subordinated liabilities as of 31 December 2011 . .	0	17	89	573	5,104
Subordinated liabilities as of 31 December 2010 . .	0	66	295	631	4,846

Source: Internal calculations or information of Erste Group Bank.

## Capital adequacy

Erste Group complies with regulatory capital adequacy requirements on the basis of capital ratios under the Banking Act. Erste Group Bank must comply with capital adequacy requirements both on a consolidated and on an individual (non-consolidated) basis. Erste Group applies Basel 2 since 1 January 2007. For more information on the capital adequacy requirements to which Erste Group is subject, see *"The Austrian banking system—Capital adequacy requirements"*.

Total eligible qualifying capital (own funds) are calculated adding up tier-1 capital and qualifying supplementary capital, also called tier-2 capital, plus short-term subordinated capital, also referred to as tier-3 capital less regulatory deductions according to the Banking Act.

The major components of consolidated tier-1 capital are paid-in capital (share capital and participation capital), reserves (disclosed reserves including the liability reserve according to Section 23 (6) Banking Act), non-controlling interests (minority interests), hybrid capital, the differential amount resulting from the consolidation of own capital and participations and the funds for general banking risk, less balance sheet losses and intangible assets. Participation capital issued by Erste Group Bank qualifies as tier-1 capital for Erste Group Bank on an individual basis and for Erste Group on a consolidated basis. Hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act qualifies as tier-1 capital for Erste Group on a consolidated basis (hybrid tier-1-capital is included in tier-1 capital up to an amount corresponding to 50% of total tier-1 capital, within these limits, convertible instruments without fixed maturity up to 100%, non-convertible instruments without fixed maturity up to 70% and instruments with an incentive to redeem without a fixed maturity up to 30%). Tier-2 capital consists primarily of qualifying eligible supplementary liabilities, revaluation reserves, qualifying eligible subordinated liabilities, if available, 70% of net positive AfS reserves pursuant to Section 29 (4) Banking Act and, if available, the IRB surplus according to Basel 2. Short-term subordinated capital, also referred to as tier-3 capital can only be used to meet the capital requirements for the trading book and open foreign exchange currency positions.

Prudential filters pursuant to Section 29a (4) 1 Banking Act (prudential filter on unrealised gains and losses on liabilities that are measured at fair value due to changes in the own credit standing), Section 29 (4) 2 Banking Act (net positive AfS reserves) and Section 29 (4) 3 Banking Act (net positive cash flow hedge reserve) are to be deducted from tier-1 capital. Deductions according to Section 23 (13) No. 3 Banking Act (deductions of held shares and own-funds components in non-consolidated credit institutions or financial institutions in which a participation of more than 10% is held), Section 23 (13) No. 4a Banking Act (participations and instruments held in insurance undertakings, reinsurance undertakings and insurance holding companies) pursuant to Article 73b Austrian Insurance Supervision Act (*Versicherungsaufsichtsgesetz—VAG*), Section 23 (13) No. 4 Banking Act (deductions of held shares and own-funds components in credit institutions or financial institutions in which a participation of 10% or less than 10% is held, if the total amount for these deductions exceeds 10% of the sum of tier-1 and tier-2 capital after deductions), 23 (13) No. 4c Banking Act (IRB-shortfall) and 23 (13) No. 4d (calculated exposure amount for securitisation positions which is applied at a weight of 1250%) are deducted by 50% from the tier-1 capital and 50% from the tier-2 capital.

Erste Group also presents core tier-1 capital, which is defined as tier-1 capital excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act.

The Combined Offering is intended to further strengthen Erste Group's capital base so that Erste Group expects to meet its targeted 10% fully loaded Basel 3 common equity tier-1 ratio by 31 December 2014.

In order to compute risk-weighted assets and certain off-balance sheet items (together, the "RWA"), Erste Group is using both the standardised approach and the IRB approach. Furthermore, capital requirements for all types of risk in the trading book, for commodities risk and foreign-exchange risk and for the operational risk are calculated.

The standardised approach is used for those assets where permanent partial use is applied. Within the standardised approach the assets are assigned to asset classes and therein into categories of relative credit risk (0%, 10%, 20%, 35%, 50%, 75%, 100% or 150%). The exposure value is reduced by the effects of credit risk mitigation due to collateral. The remaining exposure value is multiplied by the percentage weight applicable to its risk category to arrive at the risk-weighted value. Off-balance sheet items, such as financial guarantees, letters of credit, swaps and other financial derivatives, are included (swaps and other derivatives at their fair values). Then the value is adjusted according to the risk classification of the type of instrument either by 0%, 20%, 50% or 100%. As with on-balance sheet assets, each off-balance sheet item is assigned to a credit risk category depending on the type of counterparty or the debtor and multiplied by the applicable percentage weight.

The following tables show the amount of RWA computed using the IRB and standardised approaches for Austria and CEE as of 31 March 2013 and 31 December 2012, respectively. While the information as of 31 December 2012, 2011 and 2010 has been calculated on the basis of Austrian GAAP, information as of 31 March 2013 has been calculated on the basis of IFRS. The scope of consolidation for accounting purposes in accordance with IFRS and for regulatory purposes differ, particularly in the treatment of *de minimis* entities, non-financial companies and insurance companies that are not fully consolidated for regulatory purposes. Therefore, the components of regulatory capital deviate from those of consolidated equity, which is prepared for all periods presented in accordance with IFRS. In the first quarter of 2013, Erste Group calculated consolidated regulatory capital and consolidated regulatory capital requirements for the first time based on IFRS. Amounts as of 31 March 2013 and 31 December 2012, 2011 and 2010 therefore are not fully comparable.



(unaudited) In € million	As of 31 March 2013		
	Standardised approach	Internal ratings based approach	Calculation base/total risk
Risk pursuant to Section 22 (1) 1 Bank Act (Group) . .	21,675	68,397	90,073
Risk pursuant to Section 22 (1) 1 Bank Act (Austria) .	7,675	44,056	51,592
Risk pursuant to Section 22 (1) 1 Bank Act (CEE) . . . .	14,139	24,342	38,481

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

(unaudited, unless otherwise indicated) In € million	As of 31 December 2012		
	Standardised approach	Internal ratings based approach	Calculation base/total risk
Risk pursuant to Section 22 (1) 1 Bank Act (Group) (audited) . . . . .	22,936	67,498	90,434
Risk pursuant to Section 22 (1) 1 Bank Act (Austria) .	8,546	43,174	51,720
Risk pursuant to Section 22 (1) 1 Bank Act (CEE) . . . .	14,390	24,324	38,714

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 and internal information of Erste Group Bank.

Erste Group expects to implement the planned change from the standardised to the internal ratings based, or IRB, approach for the calculation of risk-weighted assets in Romania in the fourth quarter of 2015. As a result of the change to the IRB approach in 2015, Erste Group expects, based on its current business plan and estimates, a negative impact on its capital ratios in 2015 of approximately 40 bps. The actual future impact from the implementation of the IRB approach on the calculation of risk-weighted assets in 2015 will, among other things, depend on the future development of the data history needed to back up new parameters and Probability of Default (“PD”) estimates for private individual, SME and corporate customers, the development and composition of the loan portfolio until 2015, macroeconomic developments and current and future credit approval criteria for private individual, SME and corporate customers. As a result, the expected negative future impact from the implementation of the IRB approach in 2015 is forward-looking in nature. Such forward-looking statements are not guarantees of future financial or operating performance and actual results and capital ratios could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those set forth above and described in “General Information—Forward-looking statements” and “Risk Factors”. Investors are urged not to place undue reliance on any of the statements set forth above.

Erste Group has established a regular RWA forecast and active management of RWA that is integral to Erste Group’s Internal Capital Adequacy Assessment Process (“ICAAP”), which is required under Pillar 2 of the Basel framework and aims at assuring capital adequacy and sustainability at all times, see “Risk management—Group-wide risk and capital management—Overview”. The forecast is based predominantly on the analysis of foreign exchange effects, effects from Basel 2 parameter recalibrations, as well as portfolio migrations due to re-ratings and pure volume changes as a consequence of developments in the business.

Erste Group member banks are currently applying or plan to apply the IRB approach beginning at various times (see “Risk management—Credit risk—Internal rating system”). In addition, Erste Group has undertaken an initiative to improve processes, methodologies and data quality to optimise RWA in its existing portfolio.

For assets where an internal rating is available, Erste Group is using the Internal Ratings Based Approach. The risk weight of an exposure depends on the “probability of default” (“PD”), the “loss given default” (“LGD”) and the maturity of an exposure (except for retail exposures where the maturity is not considered for the risk weight calculation and LGD and the credit conversion factor (“CCF”) is estimated internally). The PD is a result of the rating. The LGD is



per default 45% for senior exposures and 65% for subordinated exposures. For the Basel 2 asset classes Corporate, Sovereign and Financial Institutions, the maturity of the exposure is per default 0.5 years for repurchase transactions, for securities or commodities lending and for borrowing transactions, 2.5 years for all other exposures.

The risk-weighted assets are calculated by multiplying the exposure value after the effects of credit risk mitigation with the risk weight resulting from the parameters PD, LGD and maturity.

Erste Group received regulatory approval to use the AMA (Advanced Measurement Approach) at group level for calculation of the regulatory capital charge for following entities: (i) Erste Group Bank AG (approval granted in 2009), (ii) Erste Bank der oesterreichischen Sparkassen AG (approval granted in 2009), (iii) Česká spořitelna a.s. (approval granted in 2009), (iv) Slovenská sporiteľňa a.s. (approval granted in 2009), (v) Erste Bank Hungary Zrt. (approval granted in 2009), (vi) Banca Comercială Română (approval granted in 2010), (vii) Erste & Steiermärkische Bank d.d (approval granted in 2010), (viii) Erste Leasing Group Hungary (approval granted in 2010), (ix) Bausparkasse der österreichischen Sparkassen AG (approval granted in 2011), (x) Stavebni sporitelna Ceske sporitelny, a.s. (approval granted in 2011), (xi) Steiermärkische Sparkasse Bank AG (approval granted in 2012), (xii) Kärntner Sparkasse Aktiengesellschaft (approval granted in 2012), (xiii) Salzburger Sparkasse Bank AG (approval granted in 2012), (xiv) Tiroler Sparkasse Bankaktiengesellschaft Innsbruck (approval granted in 2012) and (xv) Brokerjet Bank AG (approval granted in 2012). Additionally, the entities listed as (i) through (x) above received approval for the use of insurance contracts for the mitigation in the AMA pursuant to Section 22 (1) Austrian Banking Act.

The regulatory capital, calculated by using the AMA, is not reduced by the expected loss and no correlation effects are considered. For other entities in Erste Group the basic indicator approach ("BIA") is used (the capital charge is computed by multiplying the three-year average of the operating income by 15%).

The following tables show the components of Erste Group's total eligible qualifying capital, the capital requirement and regulatory capital ratios under the Banking Act. As of 31 March 2013, Erste Group for the first time made use of the waiver pursuant to Section 29a Banking Act in order to apply financial data based on IFRS for the calculation and reporting of regulatory capital and regulatory capital requirements. The calculation of regulatory capital and regulatory capital requirements in accordance with Austrian GAAP as shown in the following table is provided on a voluntary basis as there is no legal obligation that requires the calculation and reporting of such financial information based on the formerly applied Austrian GAAP. Financial data based on Austrian GAAP as of 31 March 2013 is presented exclusively for the purposes of this Prospectus and to facilitate period-to-period comparisons. While the basis for the calculation and reporting of regulatory capital and regulatory capital requirements has changed from Austrian GAAP to IFRS, the regulatory scope of consolidation remained unchanged compared to previous periods and continues to comply with the legal requirements under Section 30 Banking Act. The primary impacts from the change in the basis for the calculation and reporting of regulatory capital and regulatory capital requirements from Austrian GAAP to IFRS are the following:

- **Differences in the accounting methods between IFRS and Austrian GAAP.** Due to the application of IFRS for regulatory purposes, figures from the IFRS balance sheet are used as the basis for the calculation of regulatory capital and regulatory capital requirements. The main difference between regulatory capital and risk weighted assets under IFRS compared to Austrian GAAP is the application of IFRS valuation rules for the measurement of carrying amounts, i.e., IAS 39 for financial instruments measured at fair value compared to the valuation rules "at lower cost or market" as well as "at amortised cost" under Austrian GAAP. Further differences include the application of the effective interest rate method pursuant to IAS 39 and the consideration of deferred tax assets pursuant to IAS 12.
- **Other comprehensive income.** Other comprehensive income as stated under IFRS is not part of the capital components in accordance with Austrian GAAP. Other comprehensive income shown

within the respective equity position comprises the sum of all negative and positive amounts considered within the AfS reserve, the cash flow hedge reserve and actuarial gains and losses.

- **Consideration of AfS reserves within core tier-1 capital and tier-2 capital.** Pursuant to Section 29a (4) Banking Act, the net positive AfS reserve and the net positive cash flow hedge reserve are not eligible as core tier-1 capital. If the total amount of positive reserves derived from the valuation of financial assets held in the AfS portfolio exceeds the total amount of negative reserves derived from the valuation of financial assets held in the AfS portfolio, the excess positive amount must be eliminated from core tier-1 capital through prudential filters pursuant to Section 29a (4) 2 Banking Act. The amount which is derived by multiplication of the net positive AfS reserve by 70% is eligible as tier-2 capital. In contrast, a negative net AfS reserve would remain within core tier-1 capital.
- **Consideration of cash flow hedge reserves within the core tier-1 capital.** Any positive amount of net cash flow hedge reserves must be eliminated from tier-1 capital pursuant to Section 29a (4) 3 Banking Act. If the total amount of positive cash flow hedge reserves exceeds the total amount of negative cash flow hedge reserves, the amount representing the positive net cash flow hedge reserve must be eliminated from tier-1 capital pursuant to Section 29a (4) 3 Banking Act. In contrast, a negative cash flow hedge reserve would remain within core tier-1 capital.
- **Consideration of gains losses on liabilities that are measured at fair value due to changes in the own credit standing.** Pursuant to Section 29a (4) 1 Banking Act, gains and losses on liabilities that are measured at fair value due to changes in the own credit standing must be eliminated from tier-1 capital through prudential filters. The risk-weighted basis pursuant to Section 22 (1) of the Banking Act and the resulting capital requirement is shown below. While the information as of 31 December 2012, 2011 and 2010 has been calculated on the basis of Austrian GAAP, information as of 31 March 2013 has been calculated on the basis of IFRS and amounts as of 31 March 2013 and 31 December 2012, 2011 and 2010 are not fully comparable.

in € million, unless otherwise indicated	According to Austrian GAAP			
	As of	As of 31 December		
	31 March 2013 unaudited	2012	2011	2010
Subscribed capital . . . . .	2,553	2,553	2,545	2,520
Share capital . . . . .	789	789	781	756
Participation capital . . . . .	1,764	1,764	1,764	1,764
Reserves . . . . .	9,320	9,320	9,181	8,944
Deduction of Erste Group Bank shares held within the Group . . .	(615)	(632)	(627)	(758)
Consolidation difference . . . . .	(2,341)	(2,205)	(3,074)	(2,437)
Non-controlling interests (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) . . . . .	3,425	3,438	3,322	3,430
Intangible assets . . . . .	(482)	(507)	(505)	(500)
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act . . .	(108)	(107)	(125)	(153)
50% deduction of IRB-shortfall pursuant to Section 23 (13) 4c Banking Act . . . . .	(24)	0	0	0
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act . . . . .	(22)	(12)	(36)	(27)
Additional deduction for instruments measured at fair value pursuant to Section 23 (13) 4e Banking Act . . . . .	0	0	0	0
Deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act <sup>(1)</sup> . . . . .	(82)	—	—	—
<b>Core tier-1 capital . . . . .</b>	<b>11,624</b>	<b>11,848</b>	<b>10,681</b>	<b>11,019</b>
Hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act . . . . .	375	375	1,228	1,200
<b>Tier-1 capital . . . . .</b>	<b>11,999</b>	<b>12,223</b>	<b>11,909</b>	<b>12,219</b>
Eligible subordinated liabilities . . . . .	4,007	4,055	4,018	3,909
Revaluation reserve . . . . .	0	0	0	0
Excess risk provisions . . . . .	0	19	397	74
<b>Qualifying supplementary capital (Tier-2)<sup>(2)</sup> . . . . .</b>	<b>4,007</b>	<b>4,074</b>	<b>4,415</b>	<b>3,983</b>
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act . . .	(108)	(107)	(125)	(153)
50% deduction of IRB-shortfall pursuant to Section 23 (13) 4c Banking Act . . . . .	(24)	0	0	0
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act . . . . .	(22)	(12)	(36)	(27)
Deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act <sup>(1)</sup> . . . . .	(82)	(164)	(162)	(176)
<b>Short-term subordinated capital (Tier- 3) . . . . .</b>	<b>300</b>	<b>297</b>	<b>414</b>	<b>374</b>
<b>Total eligible qualifying capital . . . . .</b>	<b>16,071</b>	<b>16,311</b>	<b>16,415</b>	<b>16,220</b>
Capital requirement . . . . .	8,393	8,426	9,122	9,587
Surplus capital . . . . .	7,678	7,885	7,293	6,633
Cover ratio (in %) <sup>(3)</sup> . . . . .	191.5	193.6	179.9	169.2
Core tier-1 ratio—total risk (in %) <sup>(4)</sup> . . . . .	11.1	11.2	9.4	9.2
Tier-1 ratio—total risk (in %) <sup>(5)</sup> . . . . .	11.4	11.6	10.4	10.2
Solvency ratio (in %) <sup>(6)</sup> . . . . .	15.3	15.5	14.4	13.5

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 with comparative financial information for the financial year ended 31 December 2010 and internal calculation of figures in accordance with Austrian GAAP as of 31 March 2013.

- (1) 50% tier-1 capital deduction starting on 1 January 2013; until year-end 2012, investments (holdings) in insurances were deducted with 100% from tier-2 capital due to a transitional provision pursuant to section 103e (13) Banking Act. Starting on 1 January 2013 the deductible amounts pursuant to section 23 (13) 4a Banking Act are considered as a 50% deduction from tier-1 capital and 50% deduction from tier-2 capital.
- (2) Qualifying supplementary capital (tier-2) before deductions pursuant to Section 23 (13) 3 and 4 Banking Act.
- (3) Cover ratio is the ratio of total eligible qualifying capital to the capital requirement.
- (4) Core tier-1 ratio—total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (5) Tier-1 ratio—total risk is the ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (6) Solvency ratio is the ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.

in € million, unless otherwise indicated	According to	According to			
	IFRS	Austrian GAAP			
	As of 31 March 2013 unaudited	As of 31 March 2013 unaudited	As of 31 December audited		
			2012	2011	2010
Subscribed capital . . . . .	2,546	2,553	2,553	2,545	2,520
Share capital . . . . .	789 <sup>(1)</sup>	789	789	781	756
Participation capital . . . . .	1,757 <sup>(2)</sup>	1,764	1,764	1,764	1,764
Share premium . . . . .	5,823		<i>only IFRS</i>		
Retained earnings . . . . .	4,219		<i>only IFRS</i>		
Reserves . . . . .	<i>only UGB</i>	9,320	9,320	9,181	8,944
Deduction of Erste Group Bank shares held within the Group . . . . .	(600) <sup>(3)</sup>	(615)	(632)	(627)	(758)
Consolidation difference . . . . .	<i>only UGB</i>	(2,341)	(2,205)	(3,074)	(2,437)
Minority interests (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) . . . . .	3,206 <sup>(4)</sup>	3,425	3,438	3,322	3,430
Accumulated other comprehensive income . . . . .	245		<i>only IFRS</i>		
Prudential Filter . . . . .	(596) <sup>(5)</sup>		<i>only IFRS</i>		
Deduction of goodwill . . . . .	(1,625)		<i>only IFRS</i>		
Deduction of customer relationship . . . . .	(326)		<i>only IFRS</i>		
Deduction of brand . . . . .	(292)		<i>only IFRS</i>		
Intangible assets . . . . .	(579) <sup>(6)</sup>	(482)	(507)	(505)	(500)
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act . . . . .	(108)	(108)	(107)	(125)	(153)
50% deduction of IRB-shortfall pursuant to Section 23 (13) 4c Banking Act . . . . .	0	(24)	0	0	0
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act . . . . .	(22)	(22)	(12)	(36)	(27)
50% deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act <sup>(7)</sup> . . . . .	(82)	(82)	—	—	—
Additional deduction for instruments measured at fair value pursuant to Section 23 (13) 4e Banking Act . . . . .	<i>only UGB</i>	0	0	0	0
<b>Core tier-1 capital . . . . .</b>	<b>11,809</b>	<b>11,624</b>	<b>11,848</b>	<b>10,681</b>	<b>11,019</b>
Hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act . . . . .	377	375	375	1,228	1,200
Direct holdings of own hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act . . . . .	(2)		<i>only IFRS</i>		
<b>Tier-1 capital . . . . .</b>	<b>12,184</b>	<b>11,999</b>	<b>12,223</b>	<b>11,909</b>	<b>12,219</b>
Eligible supplementary capital . . . . .	519		<i>only IFRS</i>		
Eligible subordinated liabilities . . . . .	3,460	4,007	4,055	4,018	3,909
70% of AFS-reserve deducted from Core Tier-1 eligible within tier-2 . . . . .	367		<i>only IFRS</i>		
Revaluation reserve . . . . .	<i>only UGB</i>	0	0	0	0
Excess risk provisions . . . . .	83 <sup>(8)</sup>	0	19	397	74
<b>Qualifying supplementary capital (Tier-2)<sup>(9)</sup> . . . . .</b>	<b>4,429</b>	<b>4,007</b>	<b>4,074</b>	<b>4,415</b>	<b>3,983</b>
50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act . . . . .	(108)	(108)	(107)	(125)	(153)
50% deduction of IRB-shortfall pursuant to Section 23 (13) 4c Banking Act . . . . .	0	(24)	0	0	0
50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act . . . . .	(22)	(22)	(12)	(36)	(27)
100% deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act <sup>(7)</sup> . . . . .	—	—	(164)	(162)	(176)
50% deductions of holdings in insurances pursuant to Section 23 (13) 4a Banking Act <sup>(7)</sup> . . . . .	(82)	(82)	—	—	—
<b>Short-term subordinated capital (Tier- 3) . . . . .</b>	<b>300</b>	<b>300</b>	<b>297</b>	<b>414</b>	<b>374</b>

in € million, unless otherwise indicated	According to	According to			
	IFRS	Austrian GAAP			
	As of 31 March 2013 unaudited	As of 31 March 2013 unaudited	As of 31 December		
			2012	2011	2010
			audited		
<b>Total eligible qualifying capital</b> . . . . .	<b>16,701</b>	<b>16,071</b>	<b>16,311</b>	<b>16,415</b>	<b>16,220</b>
Capital requirement . . . . .	8,406 <sup>(10)</sup>	8,393	8,426	9,122	9,587
Surplus capital . . . . .	8,296	7,678	7,885	7,293	6,633
Cover ratio (in %) <sup>(11)</sup> . . . . .	198.7 <sup>(12)</sup>	191.5	193.6	179.9	169.2
Core tier-1 ratio—total risk (in %) <sup>(13)</sup> . . . . .	11.2	11.1	11.2	9.4	9.2
Tier-1 ratio—total risk (in %) <sup>(14)</sup> . . . . .	11.6	11.4	11.6	10.4	10.2
Solvency ratio (in %) <sup>(15)</sup> . . . . .	15.9	15.3	15.5	14.4	13.5

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 31 December 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013, internal information of Erste Group Bank and internal calculation of figures in accordance with Austrian GAAP as of 31 March 2013.

- (1) Shown as paid up capital in the Unaudited Interim Condensed Consolidated Financial Statements.
- (2) Sum of “participation capital—state” plus “participation capital—private”, each as shown in the Unaudited Interim Condensed Consolidated Financial Statements, net of expenses associated with its issuance of approximately €7 million.
- (3) Sum of deductions of Erste Group Bank shares (directly held) plus regulatory deductions of financed Erste Group Bank shares and participation capital, both as shown in the Unaudited Interim Condensed Consolidated Financial Statements.
- (4) Shown as minority interests in the Unaudited Interim Condensed Consolidated Financial Statements.
- (5) Sum of prudential filter for net positive Available for Sale reserve (eligible with 70% within tier-2) plus prudential filter on gains and losses due to changes on own credit standing plus prudential filter for net positive cash flow hedge reserve, excluding those for AfS-instruments, each as shown in the Unaudited Interim Condensed Consolidated Financial Statements.
- (6) Shown as deduction of other intangible assets in the Unaudited Interim Condensed Consolidated Financial Statements.
- (7) 50% tier-1 capital deduction starting on 1 January 2013; until year-end 2012, investments in insurances (holdings) were deducted with 100% from tier-2 capital due to a transitional provision pursuant to section 103e (13) Banking Act. Starting on 1 January 2013 the deductible amounts pursuant to section 23 (13) 4a Banking Act are considered as a 50% deduction from tier-1 capital and 50% deduction from tier-2 capital and are shown as 50% deductions for non-consolidated insurances pursuant to Section 23 (13) 4a Banking Act in the Unaudited Interim Condensed Consolidated Financial Statements.
- (8) Shown as IRB-surplus in the Unaudited Interim Condensed Consolidated Financial Statements.
- (9) Qualifying supplementary capital (tier-2) before deductions pursuant to Section 23 (13) 3 and 4 Banking Act.
- (10) Shown as total capital requirement in the Unaudited Interim Condensed Consolidated Financial Statements.
- (11) Cover ratio is the ratio of total eligible qualifying capital to the capital requirement.
- (12) As of 31 March 2013, total eligible qualifying capital (IFRS) amounted to €16,701 million and the capital requirement (IFRS) amounted to €8,406 million so that the cover ratio (IFRS) amounted to 198.7%.
- (13) Core tier-1 ratio—total risk is the ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (14) Tier-1 ratio—total risk is the ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.
- (15) Solvency ratio is the ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act.

	As of 31 March				As of 31 December			
	2013		2012		2011		2010	
	Calculation base/total risk <sup>(1)</sup>	Capital requirement <sup>(2)</sup>	Calculation base/total risk <sup>(1)</sup>	Capital requirement <sup>(2)</sup>	Calculation base/total risk <sup>(1)</sup>	Capital requirement <sup>(2)</sup>	Calculation base/total risk <sup>(1)</sup>	Capital requirement <sup>(2)</sup>
<b>in € million</b>								
Risk pursuant to Section 22 (1) 1 Banking Act <sup>(3)</sup> . . . . .	90,073	7,206	90,434	7,235	97,630	7,811	103,950	8,316
a) Standardised approach . . . . .	21,675	1,734	22,936	1,835	26,461	2,117	27,412	2,193
b) Internal ratings based approach . . . . .	68,397	5,472	67,498	5,400	71,169	5,694	76,538	6,123
Risk pursuant to Section 22 (1) 2 Banking Act <sup>(4)</sup> . . . . .	3,606	288	3,583	287	5,060	405	4,668	373
Risk pursuant to Section 22 (1) 3 Banking Act <sup>(5)</sup> . . . . .	139	11	131	10	119	9	11	1
Risk pursuant to Section 22 (1) 4 Banking Act <sup>(6)</sup> . . . . .	11,249	900	11,175	894	11,210	897	11,215	897
<b>Total . . . . .</b>	<b>105,067</b>	<b>8,406</b>	<b>105,323</b>	<b>8,426</b>	<b>114,019</b>	<b>9,122</b>	<b>119,844</b>	<b>9,587</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013.

- (1) Internal calculation base used for calculation of the tier-1 ratio, core tier-1 ratio and solvency ratio (capital requirement multiplied by 12.5)
- (2) Capital requirement pursuant to Banking Act.
- (3) Risk weighted assets—credit risk.
- (4) Market risk (trading book).
- (5) Commodities risk and foreign exchange-risk, including the risk arising from gold positions, each for positions outside the trading book.
- (6) Operational risk.

## Development in the first quarter 2013

### Core tier-1 capital

Core tier-1 capital decreased by €39 million from €11,848 million (Austrian GAAP) as of 31 December 2012 to €11,809 million (IFRS) as of 31 March 2013.

The most significant impact on core tier-1 capital was attributable to the change in the underlying accounting standard from Austrian GAAP to IFRS which resulted in an increase in core tier-1 capital of €161 million in the first quarter 2013. Unfavourable developments in exchange rates during the first quarter 2013 led to a decrease in core tier-1 capital of approximately €100 million.

Regulatory deductions increased from €119 million (50% deduction for non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act, 50% deduction of IRB-shortfall pursuant to Section 23 (13) 4c Banking Act and 50% deduction of securitisations pursuant to Section 23 (13) 4d Banking Act under Austrian GAAP) as of 31 December 2012 by €93 million to €212 million (IFRS) as of 31 March 2013 mainly as a result of the additional first-time 50% deduction for non-consolidated insurances pursuant to Section 23 (13) 4a Banking Act (€82 million as of 31 March 2013) instead of deducting such investments in insurances with 100% from tier-2 capital. Until year-end 2012, investments in insurances were deducted with 100% from tier-2 capital due to a transitional provision pursuant to Section 103e (13) Banking Act. From 1 January 2013, the deductible amount pursuant to Section 23 (13) 4a Banking Act has to be considered as 50% deduction from tier-1 capital and 50% deduction from tier-2 capital. The remaining amount of €11 million of the increase is attributable to an increase in regulatory deductions for securitisations.

### Hybrid tier-1 capital

In the first quarter 2013, hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act remained nearly unchanged compared to 31 December 2012.



### ***Tier-2 capital***

In the first quarter 2013, qualifying supplementary capital (tier-2 capital (IFRS)) increased by €355 million compared to 31 December 2012 (Austrian GAAP). The largest contribution to this positive development was the eligibility of 70% of the positive available-for-sale reserve as of 31 March 2013 (€367 million (IFRS)) due to the first-time application of IFRS.

Similarly, excess risk provisions/IRB surplus increased from €19 million (Austrian GAAP) as of 31 December 2012 by €64 million to €83 million (IFRS) as of 31 March 2013. This increase was primarily attributable to the implementation of new Loss Given Default (LGD) models for Austria and Hungary which decreased the Expected Loss (EL) and as a consequence the excess risk provisions.

The reduction of eligible subordinated liabilities due to decreasing remaining maturity was compensated by the decrease of regulatory deductions (until 31 December 2012, 100% of the investments in insurances were deducted from tier-2 capital, since 1 January 2013 50% are deducted from core tier-1 capital and 50% continue to be subtracted from tier-2 capital).

## **Development in 2012**

### ***Core tier-1 capital***

Core tier-1 capital increased in 2012 by an amount of €1,167 million. The increase against 2011 mainly resulted from the net impact of accumulated results with an amount of €370 million at year-end 2012 and increase of retained earnings due to full recognition of collateral for defaulted loans in Romania in an amount of approximately €700 million within the first quarter of 2012 as reflected in the item "consolidation differences".

Positive developments of exchange rates in currencies throughout Central and Eastern Europe against the Euro resulted in an increase in core tier-1 capital by €57 million.

Regulatory deduction for holdings in non-consolidated credit and financial institutions pursuant to Section 23 (13) 3 and 4 Banking Act decreased by €18 million and deduction for securitisations pursuant to Section 23 (13) 4e Banking Act decreased by €24 million.

### ***Hybrid tier-1 capital***

In the first half year of 2012, Erste Group bought back hybrid tier-1 capital instruments. Due to this buyback programme of Erste Group hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act decreased by €853 million in 2012.

### ***Tier-2 capital***

Eligible subordinated liabilities increased in 2012 by an amount of €37 million. New issues in a total amount of €958 million, mainly subordinated capital, increased eligible tier-2 capital while changes within remaining maturities decreased the eligibility by a total amount of €496 million and the buyback of subordinated tier-2 capital in an amount of €425 million decreased the eligible amount of the tier-2 capital.

In 2012, excess risk provisions decreased by €378 million from €397 million as of 31 December 2011 to €19 million as of 31 December 2012 mainly due to implementation of a new Expected Loss Best Estimate (ELBE) model for Austria and a new LGD model in all countries in August, which led to an Expected Loss (EL) increase especially in the Savings Banks and Erste Bank Hungary subsegments.

## **Development in 2011**

### ***Core tier-1 capital***

In 2011, core tier-1 capital decreased by €338 million. In 2011, Erste Group increased its participation in BCR from 69.4% to 89.9% through the acquisition of shares from holders of non-controlling interests. €373 million was paid to holders of the non-controlling interests as consideration for acquisition of a total 13.7% of the voting shares in BCR. In addition, a put option was provided to the holders of non-controlling interests. Consideration of €88 million

was settled in cash and €256 million was settled by issuance of Erste Group Bank shares. The contractual consideration for the put option in the amount of €29 million was settled in cash. The carrying amount for the additional acquired shares was €433 million. The €60 million difference between the costs of acquisition and the carrying amount for the additional acquired shares was recognised in equity among retained earnings. The purchase price of €373 million increased the carrying amount that is deducted from core tier-1 capital for purposes of calculating the consolidation difference and therefore decreased the core tier-1 capital. Erste Group Bank issued new ordinary shares related to the acquisition of additional shares in BCR in the amount of €256 million and therefore paid-in capital and share premium of Erste Group Bank increased accordingly. The net impact of the increase of the participation in BCR therefore amounted to a decrease of core tier-1 capital by €84 million.

Negative developments of exchange rates in currencies throughout Central and Eastern Europe against the Euro resulted in a decrease in core tier-1 capital by €117 million. The net impact of accumulated year-end results and the release of retained earnings due to negative results on core tier-1 capital amounted to negative €200 million.

The major positive impact was a decrease in deductions due to a repayment of loans from Erste Stiftung to savings banks, that are required to be deducted from core tier-1 capital.

#### ***Hybrid tier-1 capital***

Hybrid tier-1 capital increased by €28 million in 2011 due to the positive exchange rate developments of the Japanese yen and British pound against the Euro.

#### ***Tier-2 capital***

Eligible subordinated liabilities increased by an amount of €109 million in 2011. New issues in a total amount of €414 million, mainly subordinated capital, increased eligible tier-2 capital while changes within remaining maturities decreased the eligibility by a total amount of €307 million.

The IRB surplus (excess risk provisions) increased by €323 million from €74 million as of 31 December 2010 to €397 million as of 31 December 2011 primarily due to allocation of risk provisions, mainly in Erste Bank Hungary, which is the main reason for the increase in tier-2 capital in 2011.

### **Development in 2010**

#### ***Core tier-1 capital***

As of 31 December 2010, core tier-1 capital after deductions amounted to €11,019 million. The increase against 2009 mainly resulted from an allocation to reserves in a total amount of €743 million out of net profit for the year. In 2010, the IRB shortfall turned into a surplus. Therefore, a deduction pursuant to Section 23 (13) No. 4c Banking Act decreased by €30 million against the amount as of 31 December 2009 recorded in the consolidated financial statements as of and for the financial year ended 31 December 2010.

#### ***Hybrid tier-1 capital***

As of 31 December 2010, hybrid tier-1 capital amounted to €1,200 million, mainly due to newly issued hybrid tier-1 capital of Erste Group Bank (€18 million) and positive exchange rate developments in hybrid tier-1 capital denominated in Japanese yen and British pound.

#### ***Tier-2 capital***

In 2010, eligible subordinated liabilities decreased by an amount of €250 million against the amount as of 31 December 2009 recorded in the consolidated financial statements as of and for the financial year ended 31 December 2010, mainly due to changes within remaining maturities (negative €159 million), early redemptions (negative €347 million) which were partially off-set by new issues of subordinated capital that increased eligible subordinated capital by a total of €252 million.

## Off-balance sheet transactions

In the normal course of its business, Erste Group engages in a variety of financial transactions that either are not recorded on the balance sheet or are recorded on the balance sheet in amounts that differ from the full contract or notional amounts. These transactions involve varying elements of market, credit and liquidity risk and include off-balance sheet guarantees and undrawn credit and loan commitments.

The following table shows a summary of Erste Group's off-balance sheet exposures as of 31 March 2013 and 31 December 2010, 2011 and 2012:

in € million	As of	As of 31 December		
	31 March 2013 unaudited	2012	2011	2010
Financial guarantees . . . . .	6,285	6,363	6,920	7,826
Irrevocable commitments . . . . .	14,345	14,415	18,579	19,445
<b>Total . . . . .</b>	<b>20,630</b>	<b>20,779</b>	<b>25,499</b>	<b>27,271</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

Financial guarantees are contracts that contingently require Erste Group to make payments to a guaranteed party if that party incurs a loss because a specified debtor fails to make a payment. Erste Group's guarantees and warranties are generally in the form of standby letters of credit and liquidity obligations. The amount of financial guarantees decreased by €906 million between 2010 and 2011 and decreased further by €557 million between 2011 and 2012.

Irrevocable commitments are unused credit lines that have been granted to customers and that are recorded as commitments. They represent externally committed credit lines which could be used by customers but which have not yet been called.

For further information on these obligations, see "*Risk Management—Credit risk—Contingent credit liabilities by product*" and "*Risk Management—Liquidity risk—Analysis of liquidity risk—Financial liabilities*".

## Working capital statement

Erste Group Bank is of the opinion that the working capital available for Erste Group is sufficient for its present requirements, that is for at least a period of twelve months from the date of the publication of this Prospectus.

## Recent developments and outlook

Except for the resignation of Manfred Wimmer as member of the Management Board, effective as of 31 August 2013, and the appointment of Andreas Gottschling as new member of the Management Board, effective as of 1 September 2013 if no objections are raised by the FMA, there have been no material developments since 31 March 2013. See "*Management and governing bodies—Management Board—Current and designated members of the Management Board*".

Erste Group expects a slight improvement in economic performance for Central and Eastern Europe in the second half of 2013, even though growth rates in the region are expected to remain moderate. Erste Group expects the operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) to decline by up to 5% in 2013, due to expected lower operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) only being partially off-set by lower operating expenses

(general administrative expenses). The risk costs of Erste Group are estimated to decrease by approximately 10-15% in 2013, mainly due to the expected improvement of the risk situation in Romania. Banking taxes in Austria, Slovakia and Hungary in the amount of approximately €260 million pre-tax (approximately €200 million after taxes) are expected to continue to adversely impact net profit for the year attributable to owners of the parent in 2013. Erste Group continues to expect that its Romanian subsidiary BCR will return to profitability in 2013.

# Description of Erste Group's business

## Overview

Erste Group is a leading banking group focused on retail and corporate customers in Austria and Central and Eastern Europe ("CEE"). Erste Group offers its customers a broad range of services that, depending on the particular market, includes deposit and current account products, mortgage and consumer finance, investment and working capital finance, private banking, investment banking, asset management, project finance, international trade finance, trading, leasing and factoring. Erste Group is among the leading banking groups in Austria, the Czech Republic, Romania and Slovakia by assets, total loans and total deposits, and has significant operations in Hungary, Croatia and Serbia. It serves approximately 16.6 million customers across Austria and its core CEE markets. Erste Group Bank is also the lead bank of the Austrian Savings Banks Sector. As of 31 December 2012, Erste Group had €213.8 billion in total assets and €16.3 billion in total equity and generated €3,472.8 million in operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) and €483.5 million in net profit for the year attributable to owners of the parent for the year ended 31 December 2012. As of the same date, Erste Group had total participation capital of €1,756.6 million. As of 31 March 2013, Erste Group had €213.0 billion in total assets and €16.4 billion in total equity and generated €835.4 million in operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses) and €176.2 million in net profit for the period attributable to owners of the parent for the three-month period ended 31 March 2013. As of the same date, Erste Group had total participation capital of €1,756.6 million.

The legal predecessor of Erste Group Bank was established in 1819 as an association savings bank (*Vereinssparkasse*) under the name "Verein der Ersten österreichischen Spar-Casse" and, as the name suggests, was the first savings bank in Austria ("erste" means "first" in German). It was subsequently renamed "DIE ERSTE österreichische Spar-Casse—Bank" and transferred its banking business into a stock corporation with the name "DIE ERSTE österreichische Spar-Casse Bank Aktiengesellschaft" ("Die Erste") in 1993. Die Erste changed its name to "Erste Bank der oesterreichischen Sparkassen AG" in October 1997, following the merger of GiroCredit Bank Aktiengesellschaft der Sparkassen ("GiroCredit") and Die Erste, which resulted in the creation of the then second largest banking group in Austria. In August 2008, the Austrian retail and SME banking activities of Erste Group Bank were de-merged and continued to operate under the name Erste Bank der oesterreichischen Sparkassen AG ("Erste Bank Oesterreich"), while the parent company changed its name to Erste Group Bank AG. Erste Group Bank operates as the parent company and remains the sole company of Erste Group listed on a stock exchange in the EEA.

"Erste Group" consists of Erste Group Bank, together with its subsidiaries and participations, including Erste Bank Oesterreich in Austria, Česká spořitelna in the Czech Republic, Banca Comercială Română in Romania, Slovenská sporiteľňa in Slovakia, Erste Bank Hungary in Hungary, Erste Bank Croatia in Croatia, Erste Bank Serbia in Serbia and, in Austria, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, other savings banks of the *Haftungsverbund* (see "*—Haftungsverbund*"), Immorent, and others. On 29 April 2013, Erste Group completed the sale of Erste Bank Ukraine to the shareholders of Fidobank.

Erste Group had 48,801 employees (full-time equivalents) worldwide as of 31 March 2013 (of which 1,532 (full-time equivalents) were employed by Erste Group Bank).

## Competitive strengths

Erste Group believes that its business is characterized by the following competitive strengths:

***Leading market positions in retail and corporate banking.*** Erste Group is a market leader in retail banking in Austria and a number of CEE countries. As of 31 March 2013, it had a retail market share, in terms of retail loans and retail deposits by volume, of approximately 19.0% and 18.3% in Austria (source: OeNB), approximately 23.8%, 25.6% and 18.2% in retail loans and 27.5%, 25.8% and 19.5% in retail deposits in key EU member states in Central and Eastern Europe, such as the Czech Republic, Slovakia and Romania (sources: CNB, NBS and NBR), and approximately 15.8% and 14.1% in retail loans and 8.5% and 13.0% in retail deposits in Hungary and Croatia (sources: NBH and CrNB). As of the same date, Erste Group had a corporate banking market share, in terms of corporate loans and corporate deposits by volume, of approximately 16.8% and 20.5% in Austria (source: OeNB), approximately 19.2%, 11.1% and 22.9% in corporate loans and 9.9%, 9.5% and 13.9% in corporate deposits in key EU member states in Central and Eastern Europe, such as the Czech Republic, Slovakia and Romania (sources: CNB, NBS and NBR), and approximately 7.4% and 15.8% in corporate loans and 6.8% and 11.5% in corporate deposits in Hungary and Croatia (sources: NBH and CrNB). Erste Group pursues a focused regional market approach in all of the markets in which it operates, and its strong market positions allow it to act as a local currency liquidity provider in nearly all of those markets. Overall, Erste Group serves approximately 16.6 million customers, more than 90% of whom live in the EU, through a region-wide network of approximately 2,900 branches and a number of alternative, mainly digital distribution channels, including internet and mobile banking.

***Proven and resilient business model.*** Erste Group pursues a proven and balanced business model focused on providing banking services on a sustainable basis to private individuals, businesses and the public sector in Austria and the Eastern part of the European Union, including countries expected to join the European Union. The resilience of its business model is, among other ways, reflected in its history of profitable operating performance through economic cycles, which has enabled Erste Group to absorb higher risk costs in difficult economic environments. Erste Group believes that the sustainability of its business model is further reflected in its ability to fund customer loans almost entirely by customer deposits, with most of the customer deposits being retail deposits. Erste Group's loan-to-deposit-ratio (loans and advances to customers as a percentage of customer deposits) amounted to 105.9% as of 31 March 2013 compared to 107.2% (loans and advances to customers of €131.9 million as a percentage of customer deposits of €123.1 million) as of 31 December 2012 and 113.3% (loans and advances to customers of €134.7 million as a percentage of customer deposits of €118.9 million) and 113.1% (loans and advances to customers of €132.3 million as a percentage of customer deposits of €117.0 million) as of 31 December 2011 and 2010, respectively.

***Active in geographic markets with comparably low levels of GDP and banking penetration.*** Erste Group offers retail and corporate banking services in a region of approximately 65 million inhabitants (Austria, Czech Republic, Slovakia, Hungary, Romania, Croatia and Serbia), the majority of whom live in countries with comparably low levels of GDP and banking penetration. Erste Group expects the demand for both basic banking services and more sophisticated banking products, such as wealth and asset management services, to increase over time, offering opportunities for organic growth in the future. In addition, Erste Group also expects to benefit from cross-selling opportunities among its existing customer base. In countries like the Czech Republic, Romania, Hungary and Slovakia, GDP per capita in 2012 ranged from €6,150 in Romania to €14,500 in the Czech Republic (source: Eurostat), and the ratio of total assets to GDP in 2012 ranged from 62.4% in Romania to 124.0% in the Czech Republic (sources: Eurostat and Czech Statistical Office). Similarly, the size of an average mortgage, home equity loan or unsecured consumer loan is relatively low compared to the EU average.



**Recognised and trusted brand.** Erste Group Bank was established as the first Austrian savings bank in 1819, and the “Erste” name has become a recognised brand in all of Erste Group’s core markets. The founders aimed to bring affordable banking services to wide sections of the population. This goal is, in Erste Group’s view, just as valid today as it was some 190 years ago, and since then, Erste Group has continued this tradition. Erste Group believes that its business is strongly supported by the brand name recognition of its banking operations in Austria and CEE and that its brand names are among the most recognised and trusted in those markets. Furthermore, Erste Group believes that this was a reason why during times of financial market distress in recent years, customers deposited additional funds with Erste Group on an aggregate basis rather than withdrawing funds.

## Strategy

Erste Group aims to strengthen its market position in its core markets through the following strategies while maintaining its focus on strict cost management:

**Sharpen geographic focus on Austria and the Eastern part of the European Union.** Erste Group’s geographic focus in its retail and corporate banking business is aimed at its core markets located in Austria and the Eastern part of the European Union and countries expected to join the European Union. Erste Group intends to continue to strengthen its focus on this region, including in potential new markets in the Eastern part of the European Union, such as Poland and Serbia, while reducing the breadth of its service offerings in locations beyond these countries, such as the Ukraine. In particular, Erste Group intends to focus on the following elements:

- **Local customer lending funded by local deposits.** Together with a broader offering of local savings and pension products, Erste Group is working to promote self-funding from local deposits in order to achieve a balance between deposits and loans across currencies and geographies in those core markets where such self-funding from local deposits does not already occur. Erste Group’s focus on sustainability means that going forward, among other things, it will limit foreign currency loans to customers who have corresponding foreign currency income or who are appropriately hedged against currency volatility by other instruments.
- **Strengthening corporate banking relationships.** Erste Group strives to strengthen its relationships with its large local and international corporate and SME banking customers. Erste Group’s aim is for its corporate customers to choose it as their principal bank and regard Erste Group as their first and primary point of contact for all of their banking needs. To cater to their different requirements, SMEs and local corporate customers are served locally in branches or separate commercial centres while large corporate customers are serviced by Group Corporate and Investment Banking. Erste Group plans to expand its advisory services, with a focus on supporting its corporate customers in capital markets transactions and complementing the financing activities in the real estate business.

**Continue to focus on customer business in core region.** The basis of Erste Group’s banking operations is its customer business in Central and Eastern Europe, and while its geographic focus is on Austria and the Eastern part of the European Union and countries expected to join the European Union, Erste Group aims to expand its capital markets and interbank activities as well as its public sector business to be able to meet its customers’ needs as effectively as possible.

- **Capital markets’ activities tailored to customers’ needs.** Erste Group intends to tailor its capital markets business to the specific needs of its retail and corporate customers as well as government entities and financial institutions to which it provides capital markets services. Erste Group’s capital market activities for retail and corporate customers are intended to concentrate on key markets such as Austria, the Czech Republic, Slovakia, Romania, Hungary and Croatia. For its institutional clients, Erste Group intends to offer further support by

designated teams of specialists in Germany, Poland, Turkey, Hong Kong and London for a selected range of products. Helping to develop more efficient capital markets in certain of the countries where Erste Group operates is an important strategic objective, particularly against the background of new regulatory guidelines which require local funding of the banking business.

- *Balanced approach to growth of public sector business.* Transport and energy infrastructure and municipal services remain prerequisites for sustainable economic growth in the regions in which Erste Group is active. Therefore, Erste Group intends to further support its municipal, regional and sovereign public sector customers in their infrastructure, development and project financing as well as capital markets transactions. As far as investments into sovereign bonds are concerned, Erste Group will continue to focus on such investments in its core markets.
- *Interbank business focused on banks in core markets.* Erste Group's interbank business aims to play an integral role in meeting the liquidity needs of Erste Group's customers. With its focus on banks that operate in Erste Group's core markets, bank exposures will in the future only be held for liquidity or balance sheet management purposes or to directly support Erste Group's customer business.

## Relationship with Austrian Savings Banks

The Savings Banks Sector comprises all savings banks in Austria except for Unicredit Bank Austria AG ("Bank Austria"), which is legally organised as a savings bank and participates in the savings banks deposit insurance system. The Sparkassen-Prüfungsverband, Vienna, is the statutory auditor of the savings banks.

The Banking Act requires savings banks to maintain with Erste Group Bank, as the central financial institution of the savings bank group, a specified amount of their savings deposits and other Euro deposits ("Liquidity Reserve"). Despite a legal change by the European Commission that permits the savings banks to keep their Liquidity Reserves with banks other than the relevant central financial institution, as of 31 March 2013, Erste Group Bank was a net liquidity provider to the savings banks on a consolidated basis.

Erste Group Bank provides a wide range of services and products to the savings banks and their customers. These services and products include syndication services, risk management advice, support in legal matters, retail mortgage, investment fund products, portfolio and asset management services, as well as securities-related services and a common IT platform and a common management reporting system.

## Haftungsverbund

In 2002, the *Haftungsverbund* was formed pursuant to the *Grundsatzvereinbarung* among the majority of the member banks in the Austrian Savings Banks Sector. The *Haftungsverbund*, as an integral part of the joint marketing strategy and co-operation of the Savings Banks Sector, is based on three pillars:

- A uniform business and market policy, including, *inter alia*, joint product development and centralisation of processing functions, a uniform risk policy (including standardised credit risk classification), coordinated liquidity management and common standards of control;
- a joint early-warning system designed to identify financial difficulties at member savings banks at an early stage, which also provides support mechanisms, including intervention in management to prevent such member savings banks from becoming insolvent; and
- a cross-guarantee to protect the members of the system from illiquidity and insolvency and an extended deposit guarantee for certain liabilities of member savings banks.

In 2007 and 2008, Erste Group Bank entered into further agreements, including the supplementary agreement (*Zusatzvereinbarung*), with all members of the Savings Banks Sector

(except for Allgemeine Sparkasse Oberösterreich). These agreements confer on Erste Group Bank, on a contractual basis, the possibility to exercise a controlling influence over these savings banks. They were approved by the Austrian and EU competition authorities as mergers (*Zusammenschluss*) within the meaning of the EU Merger Regulation and the Austrian Cartel Act (*Kartellgesetz*). These mergers are designed to further strengthen the group's unity and performance, in particular by taking a joint approach in the development of common management information and control systems and integration of central functions. The Steering Company participates, *inter alia*, in appointing members of the management board, approves the annual budget and investment plans and approves the general business policy principles of the shareholders.

Pursuant to the *Haftungsverbund* agreements and supplementary agreements, Haftungsverbund GmbH ("Steering Company") is vested with the power to set the common risk policies of its members and to monitor and enforce adherence to these policies. The 49 Austrian savings banks (including Erste Group Bank and Erste Bank Oesterreich but excluding Allgemeine Sparkasse Oberösterreich which has entered into a specific Haftungsverbundvereinbarung with Erste Group Bank and Erste Bank Oesterreich) that are part of the *Haftungsverbund* hold the entire share capital of the Steering Company. Erste Group Bank effectively controls the Steering Company through its 63.5% interest (held directly or indirectly through its wholly-owned subsidiary Erste Bank Oesterreich and several Austrian savings banks in which Erste Bank Oesterreich holds majority interests) in the share capital and nomination rights for the board of managing directors (*Geschäftsführung*). The Steering Company is responsible for resolving on measures to support member savings banks in financial difficulties, specifically by liquidity or solvency measures, to make, as a trustee of the *Haftungsverbund*, compensation payments to customers in cases of the extended deposit guarantee, and to enforce certain information and control rights *vis-à-vis* member savings banks. In addition to the provisions of the *Haftungsverbund* agreements and the *Zusatzvereinbarung*, activities of the *Haftungsverbund* are also governed by several rule books setting forth detailed provisions in the fields of risk management, treasury, internal control and audit.

The Steering Company has four corporate bodies: the board of managing directors (*Geschäftsführung*), the advisory board (*Beirat*), the shareholders' committee (*Gesellschafterausschuss*), and the shareholders' meeting (*Gesellschafterversammlung*). The board of managing directors comprises four managing directors, two of whom are nominated by Erste Bank Oesterreich and two of whom are nominated by the other member savings banks. The chairman of the board of managing directors, who is nominated by Erste Bank Oesterreich, casts the deciding vote in the event of a deadlock. The shareholders' committee consists of fifteen members, eight of whom are nominated by Erste Bank Oesterreich and seven of whom are nominated by the member savings banks. The shareholders' committee is primarily responsible for advising and assisting the savings banks with regard to questions concerning the application of the *Zusatzvereinbarung* and for providing mediation in the event of disputes concerning the *Zusatzvereinbarung* that arise between the Steering Company and the shareholders or among the shareholders. In order to implement joint business and marketing strategies, working committees for various fields have been established, such as internal audits, accounting, infrastructure and risk management. The chairperson of each working committee is an employee of Erste Group Bank or Erste Bank Oesterreich.

The *Haftungsverbund* is designed to enable a common risk management approach and implementation across the Savings Banks Sector. This includes establishing general principles of business conduct, the determination of risk capacity for each member savings bank and the setting of risk limits. The Steering Company's governance rights include the following: prior approval by the Steering Company of appointments to the management boards of member savings banks; prior approval by the Steering Company of annual budgets and capital expenditure plans; prior approval of significant changes of a member savings bank's business;

and, in the event of continuing non-compliance with material provisions of the *Haftungsverbund* agreements and policies, expulsion from the *Haftungsverbund*.

The member savings banks share an IT platform and a common management reporting system. This allows the Steering Company to generate comprehensive reports regarding the operations and financial condition of each member savings bank, data regarding key performance indicators as well as risk profiles on both an individual savings bank and an aggregate basis. Depending on the information being collected, these analyses are performed on a quarterly, monthly and even daily basis.

A key focus of the *Haftungsverbund* is the early warning system. If the risk monitoring systems indicate that a member savings bank could experience financial difficulties, the Steering Company will alert this member savings bank and discuss remedial measures. To date, the *Haftungsverbund* has been able to deal with situations of concern through the early warning system.

If a member encounters financial difficulties, the Steering Company has the power to intervene in the management of the affected member savings bank and to require other member savings banks to provide such support and assistance as the Steering Company determines. Financial difficulties are deemed to exist in the following scenarios: (i) if the core capital ratio (as defined in the Banking Act) drops below 5% or the solvency ratio (as defined in the Banking Act) falls below 8.5% for the prior three months, (ii) if there is a material annual loss before tax and reserves which should be classified as sustainable, (iii) if a 20% drop in managed customers' funds occurs compared to the respective monthly period of the preceding year or if such funds have, compared to the two preceding years, decreased to an extent that indicates a material and lasting loss of market share or (iv) if the return on equity in the preceding financial year is below the average of twelve months' EURIBOR over the preceding three full financial years. The Steering Company may order and implement support measures in the event that a member savings bank experiences financial difficulties. Such support measures include, *inter alia*, the implementation of certain restructuring measures, the engagement of outside advisors, injections of liquidity, the granting of subordinated loans, the assumption of guarantees, and the contribution of equity. In providing any such support measures, the Steering Company may require that the management board of a member savings bank in financial difficulties is supplemented by additional members until the financial difficulties have been resolved or that individual members of the management board of such member savings bank be removed and substituted.

In the event that a member savings bank becomes insolvent, the other members guarantee, through the Steering Company, the payment of all amounts owed to customers by the insolvent member, including:

- all deposits (as defined in Section 1 (1) No. 1 Banking Act);
- all monetary claims based on credit balances resulting from funds left in an account or from temporary positions in the course of banking transactions and repayable according to the applicable legal and contractual provisions; and
- all monetary claims from the issuance of securities,

unless the relevant amounts are owed to a credit institution. This guarantee is also subject to the cumulative limit on members' obligations.

Each of the member savings bank has made a commitment to contribute funds up to a maximum cumulative amount of 1.5% of the member's risk-weighted assets, determined on a non-consolidated basis and based on the most recently approved financial statements of the member, plus 75% of the member's anticipated pre-tax profits for the current financial year in the event of insolvency of a member savings bank. In the event of assistance, any individual member of the *Haftungsverbund* is only obliged to contribute to the extent that such

contribution does not result in a violation of the regulatory requirements applicable to that member of the *Haftungsverbund*.

Each member savings bank has a right to terminate the *Grundsatzvereinbarung* and the supplementary agreements if it notifies Erste Group Bank within a period of twelve weeks after the occurrence of a change of control at Erste Group Bank. A change of control at Erste Group Bank is defined as any acquisition of more than 25% of the voting rights in or outstanding shares of Erste Group Bank by a non-member of the Savings Bank Sector. If a termination of the *Grundsatzvereinbarung* and the *Zusatzvereinbarung* becomes effective, the relevant member savings bank would cease to be a member of the *Haftungsverbund*.

Erste Group's consolidated financial statements as of and for the fiscal years ended 31 December 2012 and interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013 comprise all members of the Savings Banks Sector. In May 2010, Erste Bank Oesterreich and Allgemeine Sparkasse Oberösterreich entered into a separate cross-guarantee agreement.

In light of IFRS 10 and CRR/CRD IV that will be effective for financial years beginning 1 January 2014 and include stricter control and regulatory requirements, Erste Group Bank is currently negotiating a revised *Haftungsverbund* agreement in order to be able continue the consolidation of the savings banks and to ensure 100% recognition of the non-controlling interests as common equity tier-1 capital at the consolidated level of Erste Group Bank. As a part of this process, Erste Group aims to strengthen the cooperation within the *Haftungsverbund*, in particular to adapt the arrangements with a view to the new requirements. If individual savings banks do not agree on the proposed changes, the deconsolidation of such savings banks as members of the *Haftungsverbund* may occur. Deconsolidation effects on consolidated common equity tier-1 capital would in Erste Group Bank's view be limited because deconsolidation effects from lower own funds would be partly offset by lower RWAs.

## **Erste Group's segments**

Following the reporting structure of Erste Group, the segment report is divided into four segments: Retail & SME, Group Corporate & Investment Banking, Group Markets, and Corporate Center.

The Retail & SME segment is divided into two regions—Austria and CEE—each of which is split into subsegments. The Austrian region is subdivided into the Erste Bank Oesterreich subsegment (including its subsidiaries and majority-owned savings banks) and the Austrian savings banks subsegment (comprised of the other savings banks consolidated under the *Haftungsverbund* agreement). The CEE region is subdivided into subsegments according to the major subsidiaries operating in the respective CEE country. These subsegments include: Banca Comercială Română (Romania), Česká spořitelna (Czech Republic), Slovenská spořitel'ňa (Slovakia), Erste Bank Hungary (Hungary), Erste Bank Croatia (Croatia), Erste Bank Serbia (Serbia), and Erste Bank Ukraine (Ukraine). On 29 April 2013, Erste Group completed the sale of Erste Bank Ukraine to the shareholders of Fidobank. These subsegments comprise the local corporate (SME) and retail and private banking business activities in the respective countries.

The Group Corporate & Investment Banking (GCIB) segment includes all large corporate customers in Erste Group's markets with annual revenues in excess of €175 million. This threshold is adjusted for Erste Group's CEE markets to reflect lower GDP per capita levels in the CEE countries. It also includes the International Business (excluding treasury operations), the real estate business (including the leasing subsidiary Immorent) and the investment banking activities (including equity capital markets).

The Group Markets segment includes Erste Group's Group Treasury business and the Capital Markets business (which includes all capital markets activities except for equity capital markets).



The Corporate Center segment includes group functions and services such as marketing, organisation and information technology, as well as other departments supporting the execution of Erste Group's strategy. Consolidation effects and certain non-operating items are also recorded under this segment. In addition, the balance sheet management unit of Erste Group Bank is included in the Corporate Center segment. The results of the local asset/liability management units, however, remain with the respective local businesses.

## **Retail & SME**

The Retail & SME segment includes business with private individuals and SME in the Austria and CEE regions. The Austria region is further subdivided into the Erste Bank Oesterreich subsegment and the savings banks subsegment. The CEE region is sub-divided into the Czech Republic, Romania, Slovakia, Hungary, Croatia, Serbia and Ukraine subsegments.

### ***Erste Group's Retail and SME Business in Austria***

Erste Bank Oesterreich, together with the Savings Banks, forms one of the largest banking groups in Austria. In the core business areas, *i.e.*, deposits and lending, emphasis is on private and local corporate customers and public authorities. 3.3 million customers are served through a network of approximately 1,000 branches, 33 commercial customer centres, eight branches particularly designed for company founders, and twenty private banking advisory centres.

The product range comprises mainly consumer and corporate loans, mortgages, personal accounts, payment cards, direct banking services, investment and savings products, consulting and sale of financial market products, and private banking services. In addition, tailor-made financial solutions (including special financing for infrastructure products for municipalities) are offered to local authorities and clients in the non-profit sector. As of 31 March 2013, the market shares in total assets, retail loans and retail deposits amounted to 17.8%, 19.0%, and 18.3%, respectively (source: OeNB). The market shares in corporate loans and corporate deposits stood at 16.8% and 20.5% (source: OeNB).

Real GDP in Austria grew by 2.1%, 2.7% and 0.8% in 2010, 2011 and 2012, respectively (source: Eurostat). Over the same period, GDP per capita climbed from €34,200 at the end of 2010 to €35,800 at the end of 2011 and €36,800 at the end of 2012 (source: Eurostat). Nevertheless, private consumption growth in Austria decreased from 1.7% in 2010 to 0.7% in 2011 and 0.4% in 2012 (source: Eurostat). Consumer price inflation, which had remained almost unchanged in 2009, rose from 1.7% in 2010 to 3.6% in 2011 and 2.6% in 2012 primarily due to increases in energy prices and rising real estate prices (source: Eurostat). Unemployment, which stood at 4.4% at end of the 2010, declined to 4.2% at the end of 2011 and stood at 4.3% by the end of 2012 (source: Eurostat). The government current account surplus as a share of GDP decreased from 3.4% in 2010 to 1.4% in 2011 and increased again to 1.8% in 2012.

### ***Erste Bank Oesterreich***

In addition to Erste Bank Oesterreich itself, the Erste Bank Oesterreich subsegment includes the Austrian savings banks in which Erste Bank Oesterreich holds majority interests (Salzburger Sparkasse, Tiroler Sparkasse and Sparkasse Hainburg-Bruck-Neusiedl) as well as Erste Bank Oesterreich's real estate and mortgage business. s-Bausparkasse, which focuses on financing for retail customers and non-profit and commercial developers, is a key contributor to the real estate and mortgage business.

Erste Bank Oesterreich's business is focused on retail and corporate customers as well as the public sector. In addition, Erste Bank Oesterreich maintains a private banking unit that is among the market leaders in Austria.

In its business with retail customers, the most important products are housing loans and micro loans as well as current accounts, term deposits, savings accounts and a variety of asset management products. By volume, housing loans are predominantly granted by s-Bausparkasse. For its various deposit products, Erste Bank Oesterreich offers a variety of service innovations,



such as smart-phone apps for savings accounts and internet banking. Moreover, Erste Bank Oesterreich offers insurance products in cooperation with Vienna Insurance Group and leasing products in cooperation with Erste Group's subsidiary EBV Leasing.

The following table sets out summary financial information for the Erste Bank Oesterreich subsegment for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
	unaudited		audited, unless otherwise indicated		
Pre-tax profit/loss . . . . .	96.4	67.1	255.1	232.2	219.9
Net profit/loss for the period/year attributable to owners of the parent . . . . .	71.5	50.5	192.4	177.6	166.9
Operating result <sup>(1)</sup> (unaudited) . . . . .	95.4	89.9	337.9	397.3	393.9
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	61.1	62.7	64.5	60.5	60.6
ROE <sup>(3)</sup> (in %) . . . . .	21.8	15.4	15.0	16.3	14.6

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

### Savings Banks

The Savings Banks subsegment includes 44 Austrian savings banks (excluding Erste Group Bank, Erste Bank Oesterreich, Salzburger Sparkasse, Tiroler Sparkasse and Sparkasse Hainburg-Bruck-Neusiedl but including Allgemeine Sparkasse Oberösterreich) with 744 branch offices across the country. The savings banks are universal banks serving retail customers, self-employed professionals and SMEs as well as corporate customers, the public sector and non-profit organisations. The savings banks' close cooperation in certain key business areas is reflected in their common corporate identity and harmonised business and market practices.

Erste Group Oesterreich holds no or only minor shareholdings in these savings banks, but these banks are consolidated due to their membership in the *Haftungsverbund*. As described above, savings banks that are majority-owned by Erste Bank Oesterreich (Salzburger Sparkasse, Tiroler Sparkasse and Sparkasse Hainburg-Bruck-Neusiedl) are included in the Erste Bank Oesterreich subsegment.

The following table sets out Erste Bank Oesterreich's ownership in and total assets of savings banks that are consolidated due to their membership in the *Haftungsverbund* and included in the Savings Banks subsegment as of 31 March 2013:

in € million (unless otherwise indicated)	Ownership in %	Total Assets
Sparkasse Mühlviertel-West . . . . .	40.00	524.9
Allgemeine Sparkasse Oberösterreich . . . . .	29.78	11,558.7
Steiermärkische Bank und Sparkasse . . . . .	25.00	14,249.0
Sparkasse Kremstal-Pyhrn <sup>(1)</sup> . . . . .	30.00	512.9
Kärntner Sparkasse . . . . .	25.00	4,647.4
Sparkasse Voitsberg-Köflach . . . . .	5.00	422.1

Source: Internal information of Erste Group, Erste Group Bank and Erste Bank Oesterreich.

(1) The shares in Sparkasse Kremstal-Pyhrn were transferred to Allgemeine Sparkasse Oberösterreich in April 2013.

The following table sets out summary financial information for the Savings Banks subsegment (consisting of those savings banks which as a result of their membership in the *Haftungsverbund* are consolidated) for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
	unaudited		audited, unless otherwise indicated		
Pre-tax profit/loss . . . . .	83.8	44.8	202.3	154.7	123.0
Net profit/loss for the period/year attributable to owners of the parent . . . . .	16.0	2.9	21.5	5.9	(5.4)
Operating result <sup>(1)</sup> (unaudited) . . . . .	105.8	108.1	425.7	487.1	450.7
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	68.5	68.5	68.7	65.6	67.4
ROE <sup>(3)</sup> (in %) . . . . .	15.7	3.2	5.8	1.9	(1.9)

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

(1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.

(2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).

(3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

## **Erste Group's Retail and SME Business in CEE**

### *Czech Republic*

The Czech Republic subsegment primarily includes the retail and SME business of Česká spořitelna and its subsidiary operations. Česká spořitelna is a universal bank serving approximately 5.3 million retail and SME clients. As of 31 March 2013, it operated a network of 659 branches and 1,445 ATMs and transactional terminals. The network also includes eighteen mortgage centres, fifteen regional corporate centres for SME clients, and a total of eighteen centres for private banking clients (including Erste premier). Česká spořitelna is a leading retail bank in the Czech Republic and the largest among Erste Group's operations in Central and Eastern Europe. In addition to its universal and private banking services, it is also active in fund management, securities trading, factoring and foreign exchange dealing.

Česká spořitelna maintained its leading position in the first quarter 2013 in retail banking and continued to rank among the three largest banks in terms of total assets. As of 31 March 2013,

the bank's market share by total assets remained stable and represented 20.5% (source: CNB). Česká spořitelna is the leading bank in the Czech Republic in terms of retail loans with a market share of 23.8% and retail deposits with a market share of 27.5%, each as of year-end 2012 (source: CNB). The market shares in corporate loans and corporate deposits were at 19.2% and 9.9%, respectively (source: CNB).

Real GDP in the Czech Republic grew by 2.3% in 2010 before slowing down to 1.8% in 2011 and declining by 1.2% in 2012 (source: Czech Statistical Office). Over the same period, GDP per capita climbed from €14,300 at the end of 2010 to €14,800 at the end of 2011 and €14,500 at the end of 2012 (source: Czech Statistical Office). Private consumption growth in the Czech Republic, which had increased by 0.9% in 2010, increased by 0.5% in 2011 and fell by 2.7% in 2012 (source: Czech Statistical Office). After low price increases in 2009, consumer price inflation climbed from 1.5% in 2010 to 1.9% in 2011 and 3.3% in 2012, primarily driven by higher energy and food prices as well as by price deregulation (source: Czech Statistical Office). Unemployment, which stood at 7.4% at the end of 2010, dropped to 6.8% at the end of 2011 and stood at 7.4% by the end of 2012 (source: CNB). The government current account deficit as a share of GDP was 2.4% as of 31 December 2012 (source: Eurostat).

The following table sets out summary financial information for the retail and SME portion of the Czech Republic business, of which Česká spořitelna represents a major part, for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
in € million (unless otherwise indicated)	unaudited		audited, unless otherwise indicated		
Pre-tax profit/loss . . . . .	167.9	186.5	656.2	587.8	467.4
Net profit/loss for the period/year attributable to owners of the parent . . . . .	133.4	144.3	518.0	456.2	378.9
Operating result <sup>(1)</sup> (unaudited) . . . . .	206.5	232.0	889.0	920.3	916.7
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	44.5	43.6	43.8	43.7	43.6
ROE <sup>(3)</sup> (in %) . . . . .	41.0	45.1	40.9	42.8	37.0

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

### Romania

The Romania subsegment primarily includes the retail and SME business of Banca Comercială Română (BCR) and its subsidiaries. BCR is the leading financial services group in Romania. As of 31 March 2013, the bank served approximately 3.4 million retail and corporate customers through its network of 561 branches and 41 commercial centres, online and phone banking. BCR also operates the largest national network of ATMs and POS terminals, numbering approximately 2,400 and approximately 14,400 units, respectively, as of the end of March 2013. In addition to its full array of retail and corporate banking services, BCR is also active in the leasing, pension fund and brokerage business and maintains a private banking unit.

In 2011, BCR incurred a pre-tax loss of €54.8 million which was primarily a result of the continuing weakness in consumer credit demand and lower margins in subsidised mortgage

lending that led to a decrease in the operating result. In 2012, BCR incurred a pre-tax loss of €378.6 million which was primarily attributable to a higher level of risk provisions for loans and advances and a decrease in the operating result (operating income (the sum of net interest income, net fee and commission income and net trading result) minus general administrative expenses).

As of 31 March 2013, BCR was the market leader in terms of total assets (19.0%), retail loans (18.2%) retail deposits (19.5%) and in corporate loans (22.9%), while ranking second in corporate deposits (13.9%) (source: Romanian Banking Association). BCR's retail business concentrated on secured lending and on resuming the sales of consumer loans in local currency. The main secured product of BCR is based on the state programme "Prima Casa" and as of November 2012 onwards, only offers local currency lending, while "Prima Casa" loans granted before November 2012 will continue to be denominated in Euro. On the liabilities side, BCR kept its market position both in retail and corporate deposits. BCR's corporate business focused on the selective lending to large corporate customers in the energy industry, manufacturing businesses, infrastructure projects as well as export and other sectors driven by foreign direct investments and SME customers. In addition, financing of the public sector and municipalities and co-financing EU-funded projects remained a priority of BCR throughout 2012.

Real GDP in Romania declined by 1.1% in 2010 before growing by 2.2% in 2011 and modestly growing by 0.7% in 2012 (source: National Institute of Statistics). Over the same period, GDP per capita rose from €5,800 at the end of 2010 to €6,100 at the end of 2011 and €6,200 at the end of 2012 (source: National Institute of Statistics and internal calculations of Erste Group Bank). Private consumption growth in Romania stabilised in 2010, declining only by 0.2% after large swings in previous years, and grew by 1.1% in 2011 and 2012, respectively (source: National Institute of Statistics). Consumer price inflation decreased from 6.1% in 2010 to 5.8% in 2011 and 3.3% in 2012 (source: National Institute of Statistics). Unemployment, which stood at 7.3% at the end of 2010 remained almost constant at 7.4% at the end of 2011 with a slight improvement to 7.0% at the end of 2012 (source: Eurostat). The government current account deficit as a share of GDP was 3.8% as of 31 December 2012 (source: Eurostat).

The following table sets out summary financial information for the retail and SME portion of the Romania business, of which BCR represents a major part, for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
in € million (unless otherwise indicated)	unaudited		audited, unless otherwise indicated		
Pre-tax profit/loss . . . . .	(7.7)	(88.9)	(378.6)	(54.8)	24.8
Net profit/loss for the period/year attributable to owners of the parent . . . . .	(3.6)	(72.2)	(294.3)	(22.5)	8.5
Operating result <sup>(1)</sup> (unaudited) . . . . .	112.0	110.4	407.3	475.3	581.8
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	42.2	44.8	46.6	44.2	39.2
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—	—	1.6

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

## Slovakia

The Slovakia subsegment primarily includes the retail and SME business of Slovenská sporiteľňa and its subsidiaries. Slovenská sporiteľňa has the longest tradition of providing services as a savings bank in Slovakia. By the end of March 2013, the bank served approximately 2.4 million clients, equalling roughly 50% of the Slovak population, through a network of 297 branches and 773 ATMs. Slovenská sporiteľňa also maintains a private banking unit.

Slovenská sporiteľňa's product range comprises mainly consumer and corporate loans, mortgages, personal accounts, payment cards, direct banking services, savings and investment products, consulting and sale of financial market products, and private banking services. At the end of March 2013, Slovenská sporiteľňa had a market share of 20.4% by total assets. In the retail business, Slovenská sporiteľňa is the market leader with market shares in retail loans of 26.6% and in retail deposits of 25.8%, respectively (source: NBS). The market shares in corporate loans and corporate deposits stood at 11.1% and 9.5%, respectively (source: NBS).

Real GDP in Slovakia grew by 4.4%, 3.2% and 2.0% in 2010, 2011 and 2012, respectively (source: Slovak Statistical Office). Over the same period, GDP per capita climbed from €12,100 at the end of 2010 to €12,700 at the end of 2011 and €13,100 at the end of 2012 (source: Slovak Statistical Office and internal calculations of Erste Group Bank). Nevertheless, private consumption growth in Slovakia declined by 0.8% in 2010, 0.4% in 2011 and also 0.4% in 2012 (source: Slovak Statistical Office). After a period of historically low price increases, consumer price inflation rose from 1.0% in 2010 to 3.9% in 2011 and 3.6% in 2012 primarily due to increases in regulated prices of commodities, increases in VAT in 2011 and higher food prices (source: Slovak Statistical Office). Unemployment, which stood at 14.4% at the end of 2010, had dropped to 13.5% by the end of 2011 and increased slightly to 13.9% by the end of 2012 (source: Slovak Statistical Office). The government current account surplus as a share of GDP was 2.8% as of 31 December 2012 (source: Eurostat).

The following table sets out summary financial information for the retail and SME portion of Erste Group's business in Slovakia, of which Slovenská sporiteľňa represents a major part, for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
<b>in € million (unless otherwise indicated)</b>	<b>unaudited</b>		<b>audited, unless otherwise indicated</b>		
Pre-tax profit/loss . . . . .	47.0	54.3	210.6	215.5	171.6
Net profit/loss for the period/year attributable to owners of the parent . . . . .	38.1	43.3	169.3	173.2	136.5
Operating result <sup>(1)</sup> (unaudited) . . . . .	72.8	78.2	301.7	329.3	315.2
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.5	42.6	43.9	40.5	41.3
ROE <sup>(3)</sup> (in %) . . . . .	35.9	39.4	39.4	43.2	31.6

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.



## *Hungary*

Erste Group's Hungary subsegment primarily comprises the retail and SME business of Erste Bank Hungary. Erste Bank Hungary operates a network of 141 branches and commercial centres and approximately 430 ATMs. Additional sales channels include approximately 350 post offices. Erste Bank Hungary also maintains a private banking unit. As of 31 March 2013, Erste Bank Hungary served approximately 900,000 customers. At the end of March 2013, Erste Bank Hungary had market shares of 8.7% by total assets, 15.8% by retail loans, 8.5% by retail deposits, 7.4% by corporate loans and 6.8% by corporate deposits (source: NBH).

The product range comprises mainly housing finance, consumer and corporate loans, personal accounts, payment cards, direct banking services, investment and savings products, consulting and sale of financial market products, and private banking services. In addition, specialised programmes and consulting is offered for entrepreneurs and local corporate customers, as well as tailor-made financial services for municipalities and the non-profit sector.

In 2011, the Hungarian government enacted legislation that allowed for loans denominated in foreign currencies, such as Euro, U.S. dollar and Swiss francs to be converted to Hungarian forint at below market rates, which contributed to the significant pre-tax loss in the year 2011. During 2012, Erste Bank Hungary continued to operate in an environment of unstable regulatory and legal conditions, while customer demand for loans and banking services in the Hungarian market continued to decline. Governmental measures relating to the regulation of foreign exchange mortgage lending combined with a stagnant economy led to a decrease in new lending volumes in the market by 80% compared to pre-crisis levels. As a consequence, Erste Bank Hungary adjusted the size of its operations and improved the efficiency of its processes. Erste Bank Hungary continued to reduce its portfolio of loans denominated in Swiss francs.

In 2012, Erste Bank Hungary acquired the wealth management unit of BNP Paribas with approximately 400 clients and assets under management in an aggregate amount of HUF60 billion. With this transaction, Erste Bank Hungary significantly strengthened its position in the area of private banking services. In June 2013, the Hungarian government announced its plans to increase the existing financial transaction tax applicable to cash and non-cash financial transactions and to impose an additional tax on banks to pay for a certain portion of loans granted to Hungarian municipalities and previously assumed by the state.

Real GDP in Hungary grew by 1.3% and 1.6% in 2010 and 2011, respectively, and declined by 1.7% in 2012 (source: Central Statistical Office). Over the same period, GDP per capita climbed from €9,700 at the end of 2010 to €10,000 at the end of 2011 and declined slightly to €9,800 at the end of 2012 (source: Central Statistical Office). Nevertheless, private consumption in Hungary declined by 2.7% in 2010, by 1.7% in 2011 and by 2.0% in 2012 (source: Central Statistical Office). Consumer price inflation fell from 4.9% in 2010 to 3.9% in 2011 but increased again to 5.7% in 2012 primarily due to commodity price increases, increases in VAT in 2011 and a weaker Hungarian forint (source: Central Statistical Office). Unemployment, which stood at 11.2% at the end of 2010, declined to 10.9% by the end of 2011 and stood at 10.9% by the end of 2012 (source: Central Statistical Office). The government current account surplus as a share of GDP was 1.6% as of 31 December 2012 (source: European Commission).



The following table sets out summary financial information for the retail and SME portion of Erste Group's business in Hungary, of which Erste Bank Hungary represents a major part, for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

in € million (unless otherwise indicated)	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
	unaudited		audited, unless otherwise indicated		
Pre-tax profit/loss . . . . .	(26.2)	(79.7)	(46.2)	(549.8)	(7.1)
Net profit/loss for the period/year attributable to owners of the parent . . . . .	(27.5)	(81.8)	(55.1)	(566.6)	(21.8)
Operating result <sup>(1)</sup> (unaudited) . . . . .	54.0	67.7	241.7	319.1	305.5
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.7	38.0	41.2	38.6	39.9
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

## Croatia

Erste Group's Croatia subsegment primarily comprises the retail and SME business of Erste Bank Croatia and its subsidiaries. Erste Bank Croatia is among the country's largest universal banks and serves approximately one million customers through its nationwide network of 149 branches and distribution channels, such as internet, mobile communications and ATMs. In addition, Erste Bank Croatia distributes a broad range of related financial products in the areas of asset management, life insurance, securities brokerage, leasing and pension funds, and operates a private banking unit.

The product range comprises mainly consumer and corporate loans, mortgages, personal accounts, payment cards, direct banking services, investment and savings products, consulting and sale of financial market products, and private banking services. In addition, tailor-made financial solutions (including special financing for infrastructure products for municipalities) are offered to local authorities and clients in the non-profit sector. As of 31 March 2013, the market shares in total assets, retail loans and retail deposits amounted to 15.1%, 14.1%, and 13.0%, respectively (source: CrNB). The market shares in corporate loans and corporate deposits stood at 15.8% and 11.5% (source: CrNB).

Real GDP in Croatia fell by 2.3% in 2010 before stagnating in 2011 and falling again by 2.0% in 2012 (source: Croatian Bureau of Statistic). Over the same period, GDP per capita climbed from €10,000 at the end of 2010 to €10,300 at the end of 2011 and stood at €10,200 at the end of 2012 (source: Croatian Bureau of Statistic). Private consumption declined by 0.9% in 2010 but grew modestly in 2011 by 0.2% and declined by 3.0% in 2012 (source: Croatian Bureau of Statistic). Consumer price inflation rose from 1.1% in 2010 to 2.3% in 2011 and 5.2% in 2012, while unemployment increased over the same period from 11.8% at the end of 2010 to 13.4% at the end of 2011 and 15.8% by the end of 2012 (source: Croatian Bureau of Statistic). The government current account surplus as a share of GDP was 0.1% as of 31 December 2012 (source: CrNB and Croatian Bureau of Statistic). Croatia is expected to

become an EU member state on 1 July 2013 upon successful completion of negotiations with the European Union.

The following table sets out summary financial information for the retail and SME portion of Erste Group's business in Croatia, of which Erste Bank Croatia represents a major part, for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
<b>in € million (unless otherwise indicated)</b>	<b>unaudited</b>		<b>audited, unless otherwise indicated</b>		
Pre-tax profit/loss . . . . .	3.6	14.0	55.5	89.0	81.8
Net profit/loss for the period/year attributable to owners of the parent . . . . .	1.7	6.1	23.7	43.4	36.7
Operating result <sup>(1)</sup> (unaudited) . . . . .	42.6	48.5	195.9	208.6	192.6
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	41.8	40.9	40.4	40.4	41.9
ROE <sup>(3)</sup> (in %) . . . . .	2.5	8.1	8.2	17.3	16.2

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

### Serbia

Erste Bank Serbia's subsegment primarily comprises the retail and SME business of Erste Bank Serbia. Erste Bank Serbia has approximately 300,000 customers and a network of 67 branches and commercial centres for corporate customers. Erste Bank Serbia focuses primarily on catering to the traditional banking needs of a broad retail and mid-market corporate customer base, which has allowed it to establish a strong presence in Serbia's major business centres.

The product range comprises mainly mortgages, cash and consumer loans, personal accounts, credit and debit cards, direct banking services, investment and savings products, and consulting and sale of financial market products. In addition, local corporate customers are also offered short- and long-term financing, domestic and international payment operations, project financing, and letters of credits and guarantees. As of 31 March 2013, the market shares in total assets, retail loans and retail deposits amounted to 2.9%, 3.3%, and 2.6%, respectively (source: NBSE). The market shares in corporate loans and corporate deposits stood at 2.7% and 5.0%, respectively (source: NBSE). In June 2013, Erste Bank Serbia submitted a non-binding bid for the Serbian subsidiary of Hypo Alpe Adria. The acquisition of the shares in Hypo Alpe Adria Serbia is not expected to have a material impact on Erste Group's core tier-1 ratio.

Real GDP in Serbia grew by 1.0% and by 1.6% in 2010 and 2011, respectively, but declined by 1.9% in 2012 (source: Statistical Office of the Republic of Serbia). Over the same period, GDP per capita climbed from €3,800 at the end of 2010 to €4,300 at the end of 2011 and amounted to €4,170 at the end of 2012 (source: Statistical Office of the Republic of Serbia). After dropping to 6.1% growth in 2010, consumer price inflation rose to 7.0% in 2011 and stood at 10.3% in 2012 amid rising food and energy prices and placing Serbia significantly above its regional peers in terms of inflation (source: Statistical Office of the Republic of Serbia). Unemployment also climbed from 19.2% at the end of 2010 to 23.0% by the end of 2011 and

reached 24.0% by the end of 2012 (source: Statistical Office of the Republic of Serbia). The government current account deficit as a share of GDP was 10.5% as of 31 December 2012 (source: Republic of Serbia Ministry of Finance and Economy and Statistical Office of the Republic of Serbia).

The following table sets out summary financial information for the retail and SME portion of Erste Group's business in Serbia, of which Erste Bank Serbia forms a major part, for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
in € million (unless otherwise indicated)	unaudited		audited, unless otherwise indicated		
Pre-tax profit/loss . . . . .	2.1	1.8	8.5	5.0	1.5
Net profit/loss for the period/year attributable to owners of the parent . . . . .	1.7	1.3	7.8	3.6	1.0
Operating result <sup>(1)</sup> (unaudited) . . . . .	4.7	4.3	19.2	15.7	10.4
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	64.4	65.9	63.6	68.1	74.9
ROE <sup>(3)</sup> (in %) . . . . .	14.9	12.4	18.8	8.7	2.4

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

### Ukraine

Prior to the completion of the sale of Erste Bank Ukraine to the shareholders of Fidobank on 29 April 2013, Erste Bank Ukraine served approximately 300,000 customers through a nationwide network of 101 branches. Erste Bank Ukraine offered a broad range of standard banking services, including deposit-taking, current accounts, treasury services and loans to its retail and corporate customers. As of 31 March 2013, the market shares in total assets, retail loans and retail deposits amounted to 0.5%, 1.2%, and 0.4%, respectively (source: NBU). The market shares in corporate loans and corporate deposits stood at 0.3% and 0.6% (source: NBU). In 2011, Erste Bank Ukraine incurred a pre-tax loss of €23.6 million which was primarily a result of the negative operating result and increased risk costs. In 2012, Erste Bank Ukraine incurred a pre-tax loss of €44.1 million which was primarily attributable to a decrease in volume of loans and advances to customers and the net interest margin, higher risk provisions for loans and advances as well as the depreciation of the Ukrainian Hryvnia against the U.S. dollar.

During 2012, operating under significant regulatory and market instability, Erste Bank Ukraine managed to restructure its funding base and thus reduced its reliance on intra-group funding. Its loan-to-deposit ratio improved substantially as the deposit base increased by volume while its loan portfolio decreased. In its business with retail customers, the demand for consumer lending products increased during 2012, while mortgage lending continued its downward trend. In its corporate banking business demand for lending products increased. Deposits and transaction banking services for retail and corporate customers increased. The market for deposits, however, was characterized by severe price competition. Erste Bank Ukraine pursued

new corporate lending business only on a selective basis, focusing on mid-sized clients with good risk profiles and operating in the most profitable industries.

As the Ukraine is not seeking membership in the European Union in the medium term, Erste Group does not consider it to be a core market. Consequently, an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank was concluded in December 2012. The closing of this transaction was subject to several conditions, including regulatory approvals, and occurred on 29 April 2013.

Real GDP in the Ukraine recovered after a steep decline in 2009, growing 4.2% in 2010, 5.2% in 2011 and stagnated in 2012 (source: State Statistics Service of Ukraine). From 2010 to 2011 and 2012, GDP per capita climbed from €2,200 at the end of 2010 to €2,750 at the end of 2011 and €2,800 at the end of 2012 with strong private consumption growth of 7.0% in 2010, 14.0% in 2011 and 9.0% in 2012 (source: State Statistics Service of Ukraine). Consumer price inflation continued to decline from 9.4% in 2010 to 8.0% in 2011 and 0.8% in 2012 (source: State Statistics Service of Ukraine). Unemployment, which stood at 8.1% at the end of 2010, slightly eased to 8.0% by the end of 2011 and 7.9% by the end of 2012 (source: State Statistics Service of Ukraine). The government current account deficit as a share of GDP was 8.6% as of 31 December 2012 (source: Ministry of Finance of Ukraine).

The following table sets out summary information for the retail and SME portion of Erste Group's business in Ukraine, of which Erste Bank Ukraine represents a major part, for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
<b>in € million (unless otherwise indicated)</b>	<b>unaudited</b>		<b>audited, unless otherwise indicated</b>		
Pre-tax profit/loss . . . . .	(9.4)	(8.2)	(44.1)	(23.6)	(37.3)
Net profit/loss for the period/year attributable to owners of the parent . . . . .	(9.4)	(8.2)	(44.3)	(23.2)	(37.5)
Operating result <sup>(1)</sup> (unaudited) . . . . .	(6.0)	(4.3)	(26.0)	(14.5)	1.6
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	247.1	155.8	215.0	142.4	96.7
ROE <sup>(3)</sup> (in %) . . . . .	—	—	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the subsegment. The average attributed equity of each subsegment represents the economic capital of the subsegment, which is assigned on the basis of credit risk, market risk and operational risk.

### Group Corporate and Investment Banking

The Group Corporate and Investment Banking (GCIB) segment comprises Erste Group's large corporate business including the real estate business focusing on large corporate customers, equity capital markets, the investment banking business and the International Business (excluding treasury activities) which covers lending and investment activities outside Erste Group's core markets. The leasing subsidiary Erste Group Immorent is also included in this segment.

Erste Group aims at deepening relationships with core clients by combining an industry sector coverage approach and broadening the product range to match its customers' needs. Overall, a

staff of approximately 1,150 product specialists offers services in debt financing, equity capital markets, mergers and acquisitions, debt advisory, acquisition finance, infrastructure finance, project finance, syndication, real estate development, lending and leasing, as well as transaction banking.

The following table sets out summary financial information for the Group Corporate and Investment Banking segment for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
in € million (unless otherwise indicated)	unaudited		audited, unless otherwise indicated		
Pre-tax profit/loss . . . . .	(36.4)	12.6	(58.3)	116.4	161.4
Net profit/loss for the period/year attributable to owners of the parent . . . . .	(28.3)	6.4	(55.6)	73.8	115.8
Operating result <sup>(1)</sup> (unaudited) . . . . .	90.9	109.7	390.5	341.3	370.1
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	33.4	28.9	33.5	35.9	33.2
ROE <sup>(3)</sup> (in %) . . . . .	—	1.1	—	3.8	5.7

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the segment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

## Group Markets

The Group Markets (GM) segment comprises the Group Treasury and Group Capital Markets businesses and includes the treasury activities of Erste Group Bank and its CEE subsidiaries as well as the foreign branch offices in Hong Kong, New York, Berlin and Stuttgart. The asset management subsidiary Erste Asset Management is also included in this segment.

Group Capital Markets is focused on debt capital market products for retail and corporate clients as well as government entities and financial institutions. Group Capital Markets is the internal trading unit for all standard treasury products, such as foreign exchanges, commodities and money market transactions, and capital market products, such as bonds, interest rate derivatives, and credit and equity products. In addition, institutional sales teams have been established in Germany, Poland and the United Kingdom.

In line with one of Erste Group's core strategies, treasury products complete the product range offered to and demanded by retail customers. The retail business is adaptive to market developments and its prime focus is to address customers' needs, while ensuring a product range, which is tangible and offers security to retail customers.

The following table sets out summary financial information for the Group Markets segment for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012:

	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
in € million (unless otherwise indicated)	unaudited		audited, unless otherwise indicated		
Pre-tax profit/loss . . . . .	68.1	104.0	297.4	232.7	327.9
Net profit/loss for the period/year attributable to owners of the parent . . . . .	48.3	81.0	227.6	166.6	245.1
Operating result <sup>(1)</sup> (unaudited) . . . . .	68.7	105.0	295.4	234.4	326.1
Cost/income ratio <sup>(2)</sup> (in %) . . . . .	43.8	35.4	42.2	51.1	41.7
ROE <sup>(3)</sup> (in %) . . . . .	50.3	95.4	65.0	53.4	75.7

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (2) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (3) ROE (return on equity) is calculated as net profit/loss for the year or period attributable to owners of the parent divided by the average attributed equity allocated to the segment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

## Corporate Center

The Corporate Center segment is split into two parts: (1) Effects from intra-group eliminations between segments and subsegments are reported separately as "intra-group elimination". Intra-group elimination consists of internal revenues and expenses charged between subsegments and eliminated at group level. The underlying transactions mainly relate to internal services from IT, procurement, facility management services to banking subsidiaries, rental income from operating lease and investment property and derivative businesses. Intra-group elimination between businesses within the same subsegment is allocated to the respective subsegment. (2) Furthermore, the Corporate Center segment comprises balance sheet management, dividends (elimination of dividends at group level) and refinancing costs of fully-consolidated subsidiaries, general administrative expenses for group center functions that cannot be directly allocated to another segment or a particular subsegment and the Austrian banking tax payable by Erste Group Bank. In addition, the Corporate Center segment includes the results of non-profit companies (particularly service businesses) and subsidiaries that cannot be directly allocated to another segment or a particular subsegment, straight-line amortisation of customer relationships (particularly, BCR, Erste Card Club, and Ringturm KAG, as well as one-off effects which, in order to ensure comparability, are not allocated to another segment or a particular subsegment. Moreover, the Corporate Center segment includes the equity which is not allocated to any other segment or subsegment.

The following tables set out summary financial information for the Corporate Center segment for the years ended 31 December 2012, 2011 and 2010 and for the three-month periods ended 31 March 2013 and 2012. Because the split of the Corporate Center segment into "Corporate Center excluding intra-group elimination" and "Intra-group elimination" is available only for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011, respective financial information for the financial years



ended 31 December 2012 and 2011 on the one hand and for the financial year ended 31 December 2010 on the other hand is not comparable.

	Three months ended 31 March		Year ended 31 December		
	2013	2012	2012	2011	2010
<b>Corporate Center excluding intra-group elimination<sup>(1)</sup> in € million (unless otherwise indicated)</b>	unaudited		audited, unless otherwise indicated		
Pre-tax profit/loss . . . . .	(87.8)	178.8	(357.2)	(1,327.2)	(210.8)
Net profit/loss for the period/year attributable to owners of the parent . . . . .	(65.8)	172.9	(227.5)	(1,207.0)	(146.0)
Operating result <sup>(2)</sup> (unaudited) . . . . .	(66.3)	(39.1)	(4.2)	(103.6)	(77.7)
Cost/income ratio <sup>(3)</sup> (in %) . . . . .	—	—	—	—	—
ROE <sup>(4)</sup> (in %) . . . . .	—	—	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 with comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

	Three months ended 31 March		Year ended 31 December	
	2013	2012	2012	2011
<b>Intra-group elimination<sup>(1)</sup> in € million (unless otherwise indicated)</b>	unaudited		audited, unless otherwise indicated	
Pre-tax profit/loss . . . . .	0.0	0.0	0.0	0.0
Net profit/loss for the period/year attributable to owners of the parent . . . . .	0.0	0.0	0.0	0.0
Operating result <sup>(2)</sup> (unaudited) . . . . .	54.2	5.3	(1.3)	17.2
Cost/income ratio <sup>(3)</sup> (in %) . . . . .	—	—	—	—
ROE <sup>(4)</sup> (in %) . . . . .	—	—	—	—

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011, unaudited interim condensed consolidated financial statements of Erste Group Bank for the three-month period ended 31 March 2013 with comparative financial information for the three-month period ended 31 March 2012 and internal information of Erste Group Bank.

- (1) The split of the Corporate Center segment into "Corporate Center excluding intra-group elimination" and "Intra-group elimination" is available only for the financial year ended 31 December 2012 with comparative financial information for the financial year ended 31 December 2011.
- (2) Operating result equals the sum of net interest income, net fee and commission income and net trading result minus general administrative expenses and is unaudited for financial years ended 31 December 2012, 2011 and 2010.
- (3) Cost/income ratio is the ratio of operating expenses (general administrative expenses) as a percentage of operating income (the sum of net interest income, net fee and commission income and net trading result).
- (4) ROE (return on equity) is calculated as net profit/loss attributable for the year or period to owners of the parent divided by the average attributed equity allocated to the segment. For the purposes of this calculation, net profit/loss for the three-month periods ended 31 March 2013 and 2012 is annualised through multiplication by four. The average attributed equity of each segment represents the economic capital of the segment, which is assigned on the basis of credit risk, market risk and operational risk.

## Subsidiaries and participations

The subsidiaries and participations of Erste Group are displayed in a simplified group chart, see "General information on Erste Group Bank and Erste Group—Structure of Erste Group".

## Information technology

Organisation and IT is responsible for providing project and bank IT operations services to Erste Group. The result of Erste Group's organisation and IT is included in the Corporate Center segment. As of 31 March 2013, organisation and IT had 4,088 employees (full-time equivalents).

Overall IT organisation in each country is managed within the respective bank in that country. IT services, which include IT development and support and IT operations, are provided to a

large extent by Erste Group banks' IT subsidiaries. These IT subsidiaries provide centralised support to several Erste Group Bank subsidiaries through application development or IT operations competence centres.

Erste Group's most significant competence centres, including the banks they support and the services they provide, are:

- *s IT Solutions Austria* provides application development and support services in the area of channels, payments, bank steering and risk to nearly all of Erste Group Bank's bank subsidiaries; it also provides data centre housing services specifically to Erste Group Bank, Erste Bank Oesterreich, the Austrian savings banks, Česká spořitelna, Slovenská sporiteľňa, BCR, Erste Bank Ukraine as well as general application development and IT operations services to Erste Group Bank, Erste Bank Oesterreich and the Austrian savings banks;
- *Erste Group IT Slovakia* provides application development and support services in core banking and front-end functions to Česká spořitelna, Slovenská sporiteľňa, Erste Bank Hungary and Erste Bank Ukraine; and
- *s IT Solutions Croatia* provides complete IT operations services to both Erste Bank Croatia and Erste Bank Serbia, with Erste Bank Croatia's IT department providing general IT development and support services to each of these banks.

Erste Group's organisation and IT recently completed projects related to core banking systems at Slovenská sporiteľňa and Erste Bank Croatia and is currently working on a similar project at Erste Bank Hungary. Erste Group's business intelligence and data warehouse systems have been scaled up in line with Erste Group's regional expansion and growing business needs. Erste Group intends to introduce a new business intelligence governance, a harmonized business data model and a state-of-the-art business intelligence architecture. Within the next five years the steering functions of Erste Group will be enabled to base their decisions and execute their functions on a common data basis, whereby the efforts for data reconciliation will be reduced to the most efficient set-up. Following the IT infrastructure consolidation strategy, a majority of Erste Group's IT infrastructure has been relocated to the group data centre in Vienna, Austria.

A recently launched strategic project is intended to consolidate cards processing on a group-wide platform. Moreover, several innovative projects for electronic banking channels that have been launched recently or are being developed aim at improving Erste Group's competitive position by differentiating Erste Group from competitors.

To ensure compliance with regulatory requirements, Erste Group's organisation and IT is currently enhancing technical solutions for strategic projects such as Basel 3, IFRS 9, Market Risk Management, Liquidity Risk Management, Limit Management and Exposure Reporting and Compliance. To ensure compliance with new requirements for "Financial Reporting" (FINREP) set out by EBA which will be effective by 2014, Erste Group established a project to cover the entire scope of this new report. FINREP collects data in accordance with IFRS in order to detect and measure systemic risk and to supervise a bank's business model on a regular basis.

Erste Group's systems and IT infrastructure are set up in a fully redundant manner based on a so-called sibling concept so that disruption to Erste Group's business can be avoided through secondary data centres if primary systems should fail. Erste Group's primary data centre is located in Vienna, while the secondary data centre is in another district with additional data centres of Erste Group in Bucharest, Kiev, Zagreb, Bjelovar, Prague, Budapest and Bratislava. As part of Erste Group's emergency planning, all systems are backed up at least on a daily basis and subject to regular extensive recovery testing.

Currently, Erste Group has, based on a country and vendor selection process, outsourced certain IT services and operations outside of its core competence to external service providers. The limited scope of such outsourcing arrangements may be expanded in the future in order to further optimise Erste Group's cost structure and to increase flexibility, see "*Risk factors—Risks related to the business of Erste Group—Any failure or interruption in, or breach in security of,*

Erste Group's information systems, and any failure to update such systems, may result in lost business or other losses."

## Employees

As of 31 March 2013, Erste Group had 48,801 employees (full-time equivalents), of whom 1,532 were employed by Erste Group Bank in Austria.

The following table shows Erste Group's number of employees (full-time equivalents) as of the dates stated below:

(unaudited)	At 31 March 2013	At 31 December 2012	At 31 December 2011	At 31 December 2010
<b>Erste Group Total</b> . . . . .	<b>48,801</b>	<b>49,381</b>	<b>50,452</b>	<b>50,272</b>
Austria . . . . .	16,024 <sup>(1)</sup>	16,060 <sup>(2)</sup>	16,189 <sup>(3)</sup>	16,068 <sup>(4)</sup>
thereof Erste Group Bank . . . . .	1,532	1,476	1,508	1,329
thereof Erste Bank Oesterreich . . . . .	2,356	2,366	2,451	2,429
CEE . . . . .	30,699	31,281	32,214	31,690
thereof BCR . . . . .	7,732	8,289	9,245	9,112
thereof Česká spořitelna . . . . .	11,048	11,014	10,661	10,711
thereof Slovenská sporiteľňa . . . . .	4,196	4,185	4,157	4,004
thereof Erste Bank Hungary . . . . .	2,743	2,690	2,948	2,900
thereof Erste Bank Croatia . . . . .	2,553	2,629	2,599	2,317
thereof Erste Bank Serbia . . . . .	931	944	919	910
thereof Erste Bank Ukraine . . . . .	1,496	1,530	1,685	1,736
Other . . . . .	2,078	2,040	2,049	2,514

Source: Internal information of Erste Group, Erste Group Bank and Erste Bank Oesterreich.

- (1) Including 7,415 employees (full-time equivalents) of savings banks under the *Haftungsverbund* and 4,721 employees (full-time equivalents) of Erste Group entities in Austria other than Erste Group Bank and Erste Bank Oesterreich
- (2) Including 7,448 employees (full-time equivalents) of savings banks under the *Haftungsverbund* and 4,771 employees (full-time equivalents) of Erste Group entities in Austria other than Erste Group Bank and Erste Bank Oesterreich.
- (3) Including 7,416 employees (full-time equivalents) of savings banks under the *Haftungsverbund* and 4,814 employees (full-time equivalents) of Erste Group entities in Austria other than Erste Group Bank and Erste Bank Oesterreich.
- (4) Including 7,580 employees (full-time equivalents) of savings banks under the *Haftungsverbund* and 4,730 employees (full-time equivalents) of Erste Group entities in Austria other than Erste Group Bank and Erste Bank Oesterreich.

In Austria, savings banks employees below management level generally have employment arrangements which are negotiated each year collectively between the Austrian Savings Bank Association (*Österreichischer Sparkassenverband*) and the relevant union. The current agreement with the employees of Erste Group Bank, who are members of the Savings Banks Sector employee group, came into effect on 1 April 2013 and will continue to be in effect permanently, as far as the revaluation of salaries is concerned, until 31 March 2014, as supplemented by other agreements between Erste Group Bank and its employees' council dealing with various matters, including contributions to pension funds. Employees of Erste Group Bank, who were employees of Österreichisches Credit Institut (ÖCI) when it was acquired by and merged into GiroCredit in 1992 are still partly covered by the collective arrangement reached between the association for commercial banks and the commercial bank sector employee group.

On 1 January 1999, Erste Group Bank (the then existing Erste Bank der oesterreichischen Sparkassen AG) implemented a defined contribution pension scheme, which is independent from the governmental pension system, and the pension claims of all employees who had not retired on or before 1 January 1999 were transferred to a pension fund. Until 31 December 1998, a defined benefit pension scheme was in place.

## Legal proceedings

Erste Group Bank and some of its subsidiaries are involved in legal disputes, most of which have arisen in the ordinary course of banking business. These proceedings are not expected to have a significant negative impact on the financial position or profitability of Erste Group or Erste Group Bank. Erste Group is also subject to the following ongoing proceedings:

### Hungarian Holocaust litigation

In 2010, a group of plaintiffs filed a putative class action complaint, in a Federal court in Chicago, on behalf of alleged victims of the Holocaust or their heirs, alleging that several Hungarian banks improperly benefited from the seizure of assets of Jewish customers during World War II. The assets claimed total \$2 billion in 1944 dollars. Although Erste Group Bank is not alleged to have participated in the alleged misappropriation of Jewish assets, it is nevertheless named as a defendant in the litigation, as plaintiffs allege that Erste Group Bank is the legal successor to a number of banks that were active during that time in Greater Hungary. Erste Group Bank has denied all of the material allegations against it, including, but not limited to, allegations of successorship. The case is currently in the discovery phase, and Erste Group Bank intends to take all steps necessary to defend itself against this complaint.

### Consumer protection claims

Several banking subsidiaries of Erste Group in Central and Eastern Europe have been named in their respective jurisdictions as defendants in a number of lawsuits and in regulatory proceedings filed by individual customers, regulatory authorities or consumer protection agencies and associations. Some of the lawsuits are class actions. The lawsuits mainly relate to allegations that certain contractual provisions, particularly in respect of consumer loans, violate mandatory consumer protection laws and regulations and that certain fees charged to customers in the past must be repaid. The allegations relate to the enforceability of certain fees as well as of contractual provisions for the adjustment of interest rates and currencies.

## Acquisitions

### Overview

A key growth driver for Erste Group's business and its consolidated results of operations has been the acquisition of banking subsidiaries in its core markets and the Ukraine.

The most significant of these acquisitions since 2000 are shown in the table below:

Entity acquired (country)	Year(s)	Shares <sup>(1)</sup> held as per 31 December 2012
Česká spořitelna, a.s. (Czech Republic) . . . . .	2000-2012	99.0% <sup>(2)</sup>
Rijecka banka d.d. (Croatia) <sup>(3)</sup> . . . . .	2002	69.3%
Postabank és Takarékpénztár Rt. (Hungary) <sup>(4)</sup> . . . . .	2003	100.0%
Slovenská sporiteľňa, a.s. (Slovakia) . . . . .	2001-2005	100.0%
ERSTE BANK AD NOVI SAD (Serbia) . . . . .	2005	80.5%
Banca Comercială Română S.A. (Romania) . . . . .	2006-2012	93.3%
Bank Prestige (Ukraine) <sup>(5)</sup> . . . . .	2007	100.0%
Ringturm Kapitalanlagegesellschaft (Austria) . . . . .	2009	95.0%

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012, except for information under "Entity acquired (country)" and "Year(s)" which is based on internal information of Erste Group Bank.

(1) Representing total interest, i.e., shares held directly and indirectly by Erste Group Bank.

(2) Voting rights amount to 99.5%.

(3) Merged with Erste & Steiermärkische Bank d.d. ("Erste Bank Croatia") in 2004.

(4) Merged with Erste Bank Hungary Zrt ("Erste Bank Hungary") in 2005.

(5) Renamed Public Company "Erste Bank" ("Erste Bank Ukraine"). In December 2012, Erste Group entered into an agreement to sell Erste Bank Ukraine to the shareholders of Fidobank. The closing of this transaction was subject to several conditions, including regulatory approvals, and occurred on 29 April 2013.

### **Details regarding significant acquisitions during the last three years**

Erste Group made no significant acquisitions or disposals in 2010.

In September and November 2011, Erste Group Bank entered into several share purchase agreements with four regional Romanian investment funds (*Societatea de Investitii Financiare*) on the acquisition of their shares in BCR against cash payments and the transfer of newly issued shares in Erste Group Bank in several tranches.

Implementing the four share purchase agreements, Erste Group Bank issued an aggregate of 16,102,263 new shares from authorised capital in four capital increases on 23 November 2011, 10 December 2011, 15 December 2011 and 28 February 2012 against contributions in kind of a total of 2,060,418,643 shares in BCR, thereby increasing Erste Group Bank's share capital from €756,932,768 (as of 22 November 2011) to €789,137,294 (as of the date hereof). As a result, Erste Group in 2011 increased its participation in BCR from 69.4% to 89.9% through the acquisition of shares from holders of non-controlling interests. €373 million was paid to holders of the non-controlling interests as consideration for acquisition of a total 13.7% of the voting shares in BCR. In addition, a put option was provided to the holders of non-controlling interests. Consideration of €88 million was settled in cash and €256 million was settled by issuance of Erste Group Bank shares. The contractual consideration for the put option in the amount of €29 million was settled in cash. The carrying amount for the additional acquired shares was €433 million. The €60 million difference between the costs of acquisition and the carrying amount resulting from the acquired shares was recognised in equity among retained earnings. In 2012, Erste Group further increased its participation in BCR from 89.9% to 93.3% by capital increases against contributions in kind and acquisition of shares from holders of non-controlling interests.

Negotiations between Erste Group Bank and the fifth regional Romanian investment fund regarding the entering into a share purchase agreement on the basis of the heads of agreement of September 2011 were terminated in February 2013.

### **Material contracts**

Since 31 December 2010, Erste Group Bank and its subsidiaries have not entered into any material contracts, other than contracts entered into in the ordinary course of business, except for the following agreements that, albeit entered into in 2009, were in place during the periods after 31 December 2010:

#### **Framework agreement for guaranteed bonds**

Pursuant to a framework agreement for bond issues entered into with the Republic of Austria on 8 January 2009, Erste Group Bank established a €6 billion debt issuance programme in respect of bonds guaranteed by the Republic of Austria. Under this programme, Erste Group Bank was able to issue bonds guaranteed by the Republic of Austria in an aggregate volume of up to €6 billion until 31 December 2009. As of the date of this Prospectus, approximately €1 billion of bonds issued under the debt issuance programme remain outstanding and will mature in February 2014.

The bonds issued under the programme are subject to certain terms: in particular, the liquidity obtained through bond issues must be used to supply credit to support the economy. The proceeds could not be used for aggressive growth measures, and Erste Group Bank's business strategy, which must continue to be focused on sustainability, is not permitted to include terms that are not customary for the market. Furthermore, Erste Group Bank must ensure that remuneration policies do not encourage the taking of excessive risks. The framework agreement provides that the maturity of any individual bond issue may not exceed five years. The guarantee of the Republic of Austria is explicit, unconditional, irrevocable and unsubordinated, and it warrants due and timely payment. For the state guarantee, Erste Group Bank agreed to pay 50 basis points plus the median value of its CDS spread (reference period



1 January 2007 to 31 August 2008). This corresponds to an overall fee of approximately 90 basis points.

### **Grundsatzvereinbarung with the Republic of Austria**

On 26 February 2009, Erste Group Bank and its subsidiary Erste Bank Oesterreich entered into the *Grundsatzvereinbarung* with the Republic of Austria, which was subsequently amended on 9 March 2009 and 27 October/23 November 2009. Under the *Grundsatzvereinbarung*, the Republic of Austria agreed to subscribe for specific types of tier-1 capital, *i.e.*, participation capital to be issued by Erste Group Bank and hybrid capital to be issued by Erste Bank Oesterreich (together, "Tier-1 Capital"). Pursuant to this agreement, the Republic of Austria subscribed for Participation Capital Securities with a total nominal amount of €1.224 billion in 2009, while no hybrid capital of Erste Bank Oesterreich has been subscribed for. The *Grundsatzvereinbarung* contains certain covenants and undertakings *vis-à-vis* the Republic of Austria, *inter alia*, related to the issuance of the Tier-1 Capital, its terms and conditions and the conduct of business of Erste Group Bank and Erste Bank Oesterreich, which will apply at least as long as such Tier-1 Capital securities are held by the Republic of Austria and may restrict the conduct of business. Such covenants, *inter alia*, include an obligation to ensure, to the extent permitted by civil law, that employees and members of corporate bodies do not receive inappropriate compensation, premiums or other inappropriate benefits, and no bonuses are paid to the management for years in which the Republic of Austria does not receive the full dividend on the Tier-1 Capital subscribed by it. Furthermore, it must be ensured that the business policies are aimed at sustaining the business, in particular that a threshold of the minimum own funds ratio pursuant to Basel 2 plus two percentage points is met, and that the tier-1 capital ratio does not fall below 7%. In addition, services must be offered on market terms to avoid distortions of competition. The covenants also include extensive disclosure requirements and reporting obligations *vis-à-vis* the Republic of Austria.

If such covenants and undertakings are not complied with, the *Grundsatzvereinbarung* provides for contractual fines. If the Republic of Austria deems a covenant or undertaking breached, the burden of proof that no breach has occurred has been reversed. In addition, the Republic of Austria could compel compliance with covenants and undertakings under the *Grundsatzvereinbarung* by instituting court proceedings.

Furthermore, the *Grundsatzvereinbarung* provides for a right of first refusal of Erste Group Bank with respect to Participation Capital Securities held by the Republic of Austria. In addition, for as long as the Republic of Austria holds Participation Capital Securities, Erste Group Bank must offer it to repurchase (*zurückkaufen*) a part of its Participation Capital Securities (which part equals the ratio of the overall issued and outstanding Participation Capital Securities to the amount of Participation Capital Securities held by the Republic of Austria) in the case that Erste Group Bank repurchases Participation Capital Securities from private investors. This obligation does not apply if the total nominal amount of Participation Capital Securities held by Erste Group Bank as a result of repurchase from private investors does not exceed €10,000,000. The *Grundsatzvereinbarung* is subject to the EU state aid regime. After the contemplated redemption of the Participation Capital Securities in connection with the Combined Offering, including the Participation Capital Securities held by the Republic of Austria, the covenants and undertakings of Erste Group Bank under the *Grundsatzvereinbarung* will cease to apply, however, certain disclosure requirements and reporting obligations *vis-à-vis* the Republic of Austria will remain in force.

### **Cooperation between Erste Group Bank and Vienna Insurance Group**

Erste Group Bank and Vienna Insurance Group AG Wiener Versicherung Gruppe ("VIG") are parties to a general distribution agreement concerning the framework of the cooperation of Erste Group and VIG in Austria and Central and Eastern Europe with respect to bank and insurance products. In case of a change of control of Erste Group Bank, VIG has the right to terminate the general distribution agreement, and in case of a change of control of VIG, Erste



Group Bank has a reciprocal right. A change of control is defined, with respect to Erste Group Bank, as the acquisition of Erste Group Bank by any person other than Erste Stiftung or Austrian savings banks of 50% plus one share of Erste Group Bank's voting shares, and with respect to VIG, as the acquisition of VIG by any person other than Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group of 50% plus one share of VIG's voting shares. If VIG elects to terminate the general distribution agreement after a change of control of Erste Group Bank has occurred, it may choose to ask for a reduction of the original purchase price that it and its group companies have paid for the shares in the CEE insurance companies of Erste Group. The rebate corresponds to the difference between the purchase price and the embedded value and is reduced to zero on a linear scale from 26 March 2013 to 16 March 2018.

Erste Group Bank and VIG are furthermore parties to an asset management agreement, pursuant to which Erste Group undertakes to manage certain parts of VIG's and its group companies' securities assets. In case of a change of control (as defined above), each party has a termination right. If Erste Group Bank elects to terminate the asset management agreement following such a change of control of VIG, because the new controlling shareholders of VIG no longer support the agreement, it may choose to ask for a full refund of the purchase price that it has paid for 95% of Ringturm Kapitalanlagegesellschaft m.b.H., the asset management company performing the services under the asset management agreement. The refund decreases on a linear scale down to zero from October 2013 to October 2018.

## **Insurance**

Erste Group Bank maintains insurance coverage under group-wide insurance programmes that its management board deems to be appropriate. The insurance programmes include liability insurance, errors and omissions, property insurance for any kind of property, such as buildings and equipment, insurance against internal and external fraud and against robbery, burglary and theft. In addition, Erste Group Bank also has an insurance policy to cover liability of its directors, officers and other key members of management and an employment practices liability insurance.

In the view of Management Board, the existing insurance coverage, including the levels and conditions of coverage, provides reasonable protection taking into account the costs for the insurance coverage and the potential risks of Erste Group Bank's business operations. Erste Group Bank cannot, however, provide any assurances that losses will not be incurred or that claims will not be filed against it which may exceed its existing insurance coverage.

## **Ratings**

Erste Group Bank's long-term credit ratings at the date of this Prospectus are: Standard & Poor's, A (outlook negative); Moody's, A3 (outlook negative); and Fitch Ratings, A (outlook stable). A credit rating is not a recommendation to buy, sell or hold securities. Such credit ratings have been issued by credit rating agencies established in the European Community and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009. See *"Risk factors—Risks related to the business of Erste Group—Rating agencies may suspend, downgrade or withdraw a rating of Erste Group Bank or of a country where Erste Group Bank is active, and such action might negatively affect the refinancing conditions for Erste Group Bank, in particular its access to debt capital markets"*.

## **Land and buildings**

As of 31 March 2013, the carrying amount of land and buildings (used by Erste Group) amounted to €1,799 million and the carrying amounts of land and buildings (used by Erste Group) and investment property totalled €2,810 million. The majority of buildings owned by Erste Group are used by Erste Group. Real estate owned by Erste Group is only encumbered to a negligible extent. Currently, Erste Group is building its new headquarters "Erste Campus" for

all entities located in Vienna. Upon completion which is currently planned for 2016, approximately 4,000 employees are expected to use the new office building centrally located in the new district "Quartier Belvedere".

### **Trademarks and patents**

Several slogans incorporating the phrase "Erste Bank" and "Erste Group Bank" were registered as trade marks in Austria and several other countries, in particular the core countries in which Erste Group is active. Additional trademarks utilised by members of Erste Group were registered in the relevant countries. Erste Group is the owner of several domain names, including "erstegroup" and "erstebank" in connection with the top level domain "com" and certain local top level domains ("at", "cz", "sk", "hu", "hr", "rs" and "ro"), the domains "sparkasse.at", "sparefroh.at", "sparefroh.or.at", "spark7.at", "spark7.com" as well as local domain names, such as "csas.cz", "slsp.sk" and "novban.co.yu". Patents are not relevant for the business operation of Erste Group.

# Management and governing bodies

## Overview

Erste Group Bank's governing bodies are its Management Board (*Vorstand*), its Supervisory Board (*Aufsichtsrat*) and its Shareholders' Meeting (*Hauptversammlung*). The powers of these governing bodies are determined by the Stock Corporation Act, the Articles of Association and the by-laws (*Geschäftsordnungen*) of the Management Board, the Supervisory Board and its various committees.

Day-to-day management of Erste Group Bank is vested in the Management Board, which represents Erste Group Bank with respect to third parties and delegates some of its tasks to employees. The Supervisory Board, which supervises the Management Board, is vested with the authority to appoint and remove the members of the Management Board. Under Austrian law, a simultaneous membership on both the management board and the supervisory board of the same company is not permitted. Although the Supervisory Board may not directly manage Erste Group Bank, the Stock Corporation Act, the Articles of Association and the by-laws of the Supervisory Board and the Management Board require the consent of the Supervisory Board before the Management Board is permitted to take certain actions. These actions include:

- granting of loans and other exposures and entering into related party transactions, all of which require an approval under Sections 27 and 28 Banking Act, or Sections 80 and 95 (5) no. 12 Stock Corporation Act, respectively;
- certain capital measures;
- acquisition and sale of businesses or real property (other than bail-out purchases), encumbrances of real property, investments in securities and inter-bank deposits, issuance of certain securities, participation in security issuances by third parties, all beyond certain limits which are determined by the Supervisory Board;
- establishment and closing of branches, establishment and abandonment of business areas and product groups;
- determination of general principles of Erste Group Bank's business policy;
- adoption of the annual budget, including the investment plan, and of overruns of the investment plan by more than 10%;
- granting of a general power of representation (*Prokura*) or a commercial power of representation for all of the business operations (*Handlungsvollmacht zum gesamten Geschäftsbetrieb*); and
- granting of stock options to employees, senior management as well as management and supervisory board members of Erste Group Bank and of its affiliated undertakings, respectively.

Supervision of the Management Board by the Supervisory Board is exercised by the examination of regular reports which must be provided by the Management Board. The Management Board is required to report to the Supervisory Board at least annually regarding fundamental questions of future business policy. The Management Board is also required to report to the Supervisory Board regularly, at least quarterly, on the progress of business operations and on the results of the business against forecast. Under certain circumstances, in particular in situations where profitability and liquidity of Erste Group Bank could be substantially affected, the Management Board is required to prepare a special report for the Supervisory Board. The Supervisory Board may also require special reports on other aspects of the business and the operations of Erste Group Bank.

Members of the Management Board and the Supervisory Board owe duties of loyalty and due care to Erste Group Bank. Each member of these governing bodies must consider a broad spectrum of interests, particularly those of Erste Group Bank and its shareholders, employees

and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. The members of the Management Board or the Supervisory Board are jointly and severally liable to Erste Group Bank for damages for any breach of their duties.

In general, the Stock Corporation Act does not provide a shareholder with any direct recourse against the members of the Management Board or the Supervisory Board in the event that they are believed to have breached their duties. Apart from insolvency or tort claims, only Erste Group Bank itself has the right to claim damages from the members of either the Management Board or the Supervisory Board. Erste Group Bank may waive this right or settle these claims only if five or more years have passed since the alleged breach and if the shareholders approve the waiver or settlement at a Shareholders' Meeting by a simple majority of the votes cast, and provided that opposing shareholders do not hold, in the aggregate, 20% or more of Erste Group Bank's share capital (under certain circumstances, this threshold is reduced to 10% or 5%) and do not have their opposition formally recorded in the minutes maintained by an Austrian notary public.

A shareholder or a group of shareholders with an aggregate shareholding of at least 10% of the share capital of Erste Group Bank may, among other things:

- request a court to revoke the appointment of members of the Supervisory Board for cause; and
- request the assertion of damage claims on behalf of the Erste Group Bank against members of the Management Board, members of the Supervisory Board or certain third parties, unless the claim is obviously unfounded.

Furthermore, a shareholder or a group of shareholders with an aggregate shareholding of at least 5% of the share capital of Erste Group Bank may, among other things, request the assertion of damage claims of Erste Group Bank against members of the Management Board, the Supervisory Board or third parties, if a special audit report reveals facts which may lead to damage claims against the aforementioned persons.

## **Supervisory Board**

### **General**

In general, the supervisory board of an Austrian stock corporation may have from three to twenty members. Members of the supervisory board are either elected by the shareholders' meeting or appointed by one or more shareholders if they have been granted the right to do so in the articles of association. In addition, employees' representatives or group employees' representatives, respectively, are entitled (but not obligated) to appoint to the supervisory board one employees' representative for every two shareholders' representatives.

Pursuant to the Articles of Association, the Supervisory Board of Erste Group Bank consists of at least three and a maximum of twelve members who were elected by the Shareholders' Meeting (each, a "Shareholders' Representative", and together, the "Shareholders' Representatives"). Under the Articles of Association, as long as Erste Stiftung, Erste Group Bank's major shareholder, is liable for all present and future liabilities of Erste Group Bank in the case of Erste Group Bank's insolvency pursuant to Section 92 (9) Banking Act, Erste Stiftung has the right to appoint up to one-third of the Shareholders' Representatives. To date, Erste Stiftung has not exercised its appointment right, so that all of the Shareholders' Representatives have been elected by the Shareholders' Meeting. One of the Shareholders' Representatives is a representative of the private shareholders. Suitable persons are publicly invited by announcements in newspapers to apply for this position. Prior to a Shareholders' Meeting deciding on the election of the private shareholders' representative, private shareholders first hold a separate election (supervised by an Austrian notary public) among the candidates. At the Shareholders' Meeting, Erste Stiftung announces its support for the winner

of such election and then exercises its voting rights in the Shareholders' Meeting to elect such nominee accordingly.

The remaining one-third of the Supervisory Board members is delegated by the employees' council, as required by Austrian law. Members of the Supervisory Board who are delegated by the employees' council are full-time employees of Erste Group Bank unlike the Shareholders' Representatives.

Unless a shorter term has been determined by the Shareholders' Meeting, the term of office of a Shareholders' Representative shall end at the end of the Shareholders' Meeting which resolves upon the discharge for the actions of such member of the Supervisory Board in the fourth financial year following the financial year in which the relevant member of the Supervisory Board was elected. A re-election is permissible. No person may be elected as member of the Supervisory Board who (i) already holds eight seats in supervisory boards of (other) listed companies; the function as chairperson is counted twice or (ii) has been a member of the Management Board in the last two years, unless the election of such member is based on a proposal of shareholders representing a majority of more than 25% of the votes cast in Erste Group Bank and no other member of the Supervisory Board has been a member of the Management Board in the last two years. The Articles of Association set forth certain personal qualification requirements, which are a precondition to the membership in the Supervisory Board. Only persons of age and unrestricted capacity may be members of the Supervisory Board. In addition, persons who (i) have reached the age of 70 years, (ii) hold more than 5% of the voting capital of other credit institutions, or (iii) are members of corporate bodies and employees of other banks if such banks are direct competitors of Erste Group Bank (unless they exercise these functions with the consent of the Supervisory Board or upon Erste Group Bank's instructions) may not be members of the Supervisory Board. Pursuant to the Articles of Association, the appointment of a Shareholders' Representative can be revoked before the end of the member's respective term by a resolution of the Shareholders' Meeting, which requires a majority of 75% of the votes cast and a majority of 75% of the share capital represented at such meeting.

The Supervisory Board elects a chairperson and a first and a second deputy chairperson from among its members. The chairperson is responsible for convening the meetings of the Supervisory Board. Resolutions of the Supervisory Board are usually adopted in such meetings. The chairperson or one of its deputies acts as chair of the meetings. The Supervisory Board is quorate if the meeting has been duly convened and if at least half of the Shareholders' Representatives, including the chairperson or one of its deputies, are present, unless the Articles of Association or the law require a higher quorum. Resolutions are passed by simple majority of the votes cast, unless the Articles of Association or the law require a higher majority. In the event of a tie vote, the chairperson of the Supervisory Board, or in its absence the first deputy chairperson, or in the absence of the first deputy chairperson, the second deputy chairperson, has the casting vote.

#### **Current members of the Supervisory Board**

Currently, the Supervisory Board consists of nine members elected by the shareholders of Erste Group Bank and five employee representatives. The current members of the Supervisory Board are listed below, together with information on their term of office and their principal activities outside Erste Group.

<b>Name</b>	<b>Position</b>	<b>First appointed on</b>	<b>Appointment expires on</b>
Friedrich Rödler . . . . .	Chairman	4 May 2004 (as member of the Supervisory Board); 15 May 2012 (as chairman of the Supervisory Board)	Annual Shareholders' Meeting in 2014

<b>Name</b>	<b>Position</b>	<b>First appointed on</b>	<b>Appointment expires on</b>
Georg Winckler . . . . .	First deputy chairman	27 April 1993 (as member of the Supervisory Board); 11 May 2005 (as first deputy chairman of the Supervisory Board)	Annual Shareholders' Meeting in 2015
Theresa Jordis . . . . .	Second deputy chairwoman	26 May 1998 (as member of the Supervisory Board); 3 September 2005 (as second deputy chairwoman of the Supervisory Board)	Annual Shareholders' Meeting in 2018
Bettina Breiteneder . . . . .	Member	4 May 2004	Annual Shareholders' Meeting in 2014
Jan Homan . . . . .	Member	4 May 2004	Annual Shareholders' Meeting in 2014
Juan Maria Nin Génova . . . . .	Member	12 May 2009	Annual Shareholders' Meeting in 2014
Brian Deveraux O'Neill . . . . .	Member	31 May 2007	Annual Shareholders' Meeting in 2017
Wilhelm Rasinger . . . . .	Member	11 May 2005	Annual Shareholders' Meeting in 2015
John James Stack . . . . .	Member	31 May 2007	Annual Shareholders' Meeting in 2017
Andreas Lachs . . . . .	Employee representative	9 August 2008	not applicable
Friedrich Lackner . . . . .	Employee representative	24 April 2007	not applicable
Bertram Mach . . . . .	Employee representative	9 August 2008	not applicable
Barbara Smrcka . . . . .	Employee representative	9 August 2008	not applicable
Karin Zeisel . . . . .	Employee representative	9 August 2008	not applicable

Source: Internal Information of Erste Group Bank.

The members of the Supervisory Board can be reached at Erste Group Bank's business address Graben 21, 1010 Vienna, Austria.

The following table sets out the names of all companies and partnerships of which each of the current members of the Supervisory Board has been a member of the administrative, management or supervisory board or partner (as the case may be) at any time in the five years prior to the date of this Prospectus:

<b>Name</b>	<b>Name of relevant company/partnership</b>	<b>Position held</b>	<b>Position still held?</b>
Friedrich Rödler . . . . .	DACA-Privatstiftung	MB member	Yes
	Erste Bank der oesterreichischen Sparkassen AG	SB member	Yes
	Erste Bank Hungary Zrt.	SB member	Yes
	PricewaterhouseCoopers Tirol Wirtschaftsprüfungsgesellschaft mbH	Executive director	No
	PricewaterhouseCoopers Vorarlberg Wirtschaftsprüfungs GmbH	Executive director	No
	PwC Advisory Services GmbH	Executive director	No



Name	Name of relevant company/partnership	Position held	Position still held?	
Dr. Georg Winckler	PwC Austria Holding AG Wirtschaftsprüfungsgesellschaft	MB member	No	
	PwC Beteiligungsgesellschaft mbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft	Executive director	No	
	PwC Burgenland Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	No	
	PwC Europe AG Wirtschaftsprüfungsgesellschaft	MB member	No	
	PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	No	
	PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	No	
	PwC Österreich GmbH Wirtschaftsprüfungsgesellschaft	Executive director	No	
	PwC PricewaterhouseCoopers Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	No	
	PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	No	
	PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	No	
	PwC Transaction Services Wirtschaftsprüfung GmbH	Executive director	No	
	PwC Wirtschaftsprüfung GmbH	Executive director	No	
	RFR Consulting Wirtschaftsprüfung und Steuerberatung GmbH	Executive director	Yes	
	Österreichischer Sparkassen-Prüfungsverband	Chairman	Yes	
	Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung	SB chairman	Yes	
	DIE ERSTE Österreichische Spar-Casse Privatstiftung	SB chairman	Yes	
	Educational Testing Service (ETS), Princeton/New Jersey	Member of the board of trustees	Yes	
	Innovationszentrum Universität Wien GmbH	SB member	No	
	Dr. Theresa Jordis	Steiermärkische Bank und Sparkassen Aktiengesellschaft	SB member	No
		UNIQA Versicherungen AG	SB deputy chairman	Yes
Wenckheim Privatstiftung		MB member	Yes	
Allegretto Beteiligungsverwaltungs GmbH		MB member	Yes	
ANTEGNA Beteiligungsverwaltungs GmbH		MB member	Yes	
Arlberg Privatstiftung		MB chairwoman	Yes	
Austrian Airlines AG		SB member	Yes	
BORCKENSTEIN PRIVATSTIFTUNG		MB chairwoman	Yes	
DORDA BRUGGER JORDIS Rechtsanwälte GmbH		MB member	Yes	
Gemeinnützige Privatstiftung für Brustgesundheit		MB member	No	
Hollenburg Privatstiftung		MB chairwoman	Yes	
JN Privatstiftung		MB member	No	
Jos. R. Privatstiftung		MB deputy chairwoman	Yes	
Karl Josef Privatstiftung		MB member	No	
KREMSLEHNER Privatstiftung		MB chairwoman	Yes	
MELKER Privatstiftung		MB chairwoman	Yes	
Miba Aktiengesellschaft		SB chairwoman	Yes	
MITTERBAUER Privatstiftung		MB chairwoman	Yes	
Mitterbauer Beteiligungs—Aktiengesellschaft		SB chairwoman	Yes	
ÖLP Österreichische Luftverkehrs-Privatstiftung		MB member	Yes	
Peter und Paul Privatstiftung	MB member	Yes		
Prinzhorn Holding GmbH	SB chairwoman	Yes		

Name	Name of relevant company/partnership	Position held	Position still held?
	PUPA Privatstiftung	MB chairwoman	Yes
	SCHNEIDER Privatstiftung	MB chairwoman	Yes
	Stephanie "Besitzgesellschaft" mbH	MB member	Yes
	Stephanie Privatstiftung	MB chairwoman	Yes
	Thomas Prinzhorn Privatstiftung	MB chairwoman	No
	Wolford Aktiengesellschaft	SB chairwoman	Yes
	Österreichische Industrieholding AG	SB member	Yes
Bettina Breiteneder	A-Garagenbesitz und Vermietungs GmbH	Executive director	Yes
	BIP Immobilien Development GmbH (previously, AlphaBeta 1 Beteiligungsverwaltung AG)	Executive director	Yes
	Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung	SB member	No
	B-Beteiligungs GmbH	Executive director	Yes
	BB-Beratungs- und Beteiligungs GmbH	Executive director	Yes
	BB Wald und Wiesen GmbH	Executive director	Yes
	BB Wald und Wiesen GmbH & Co. KG	Executive director	Yes
	B & W Liegenschaftsverwertungs GmbH	Executive director	Yes
	Bewa Autoverleih GmbH	Executive director	Yes
	BIP CEE Immobilien GmbH	Executive director	Yes
	BIP Verwaltungs- und Beteiligungsgesellschaft mbH	Executive director	Yes
	BIP-Garagengesellschaft Breiteneder Ges.m.b.H.	Executive director	Yes
	BIP-Immobilienverwaltung Gesellschaft m.b.H.	Executive director	Yes
	BIP-Park & Ride Hütteldorf GmbH	Executive director	Yes
	BIP Projektentwicklungs GmbH	Executive director	Yes
	BIP-Tiefgarage Promenade Bau- und Betriebs GmbH	Executive director	Yes
	DZ-Donauzentrum Besitz- und Vermietungs-GmbH	Executive director	No
	Gain Capital SA, SICAV-FIS Real Estate Car Parks I	Member of the board of directors	Yes
	Garage Hanuschspital Errichtungs GmbH	MB member	Yes
	Güterzentrum Weitendorf Gesellschaft m.b.H.	MB member	Yes
	Immobilienprojektentwicklungs GmbH	Executive director	No
	JB & B-Beteiligungs GmbH	Executive director	Yes
	JBB PS Breiteneder Gesellschaft m.b.H.	Executive director	Yes
	KB 190 Bau- und Projektentwicklungs GmbH	Executive director	Yes
	KFJ Garagenbetriebsgesellschaft m.b.H.	Executive director	Yes
	Laurengasse 8-10 GmbH & Co. KG	Executive director	Yes
	LOGINVEST Beteiligungs GmbH	Executive director	No
	MH 31 GmbH	Executive director	Yes
	Objekt Opernring 13-15 Liegenschaftsverwertung GmbH	Executive director	Yes
	PARK LIVING FASANGARTEN GMBH	Executive director	Yes
	Park Living Fasangarten GmbH & CoKG	Executive director	Yes
	Park-Tiefgaragen Bau- und Betriebsgesellschaft m.b.H.	Executive director	Yes
	Pratergarage Errichtungs- und Betriebsgesellschaft m.b.H.	Executive director	Yes
	TKV Teil- und Kreditvermittlungs GmbH	Executive director	Yes
	TPG-Beteiligungs GmbH	Executive director	Yes
	Vivenotgasse 56 Immobilien GmbH	Executive director	Yes
	Wiener Garagenbau- und Betriebs GmbH	Executive director	Yes
	ZS Einkaufszentren Errichtungs- und Vermietungs-Aktiengesellschaft	SB chairwoman	Yes
Jan Homan . . . . .	Alfred Umdasch Privatstiftung	MB member	Yes
	Allianz Elementar Versicherungs-Aktiengesellschaft	SB member	Yes
	Alucommerz AG	SB member	No
	BillerudKorsnäs AB	SB member	Yes

Name	Name of relevant company/partnership	Position held	Position still held?
	Constantia Aloform GmbH	Advisory council member	No
	Constantia Colmar Inc.	SB member	No
	Constantia Flexibles GmbH	SB member	Yes
	Constantia Flexibles Group GmbH	SB member	Yes
	Constantia Flexibles Holding GmbH	MB member	No
	Constantia Hueck Folien GmbH & Co KG	Advisory council member	No
	Constantia Inter AG	MB member	No
	Constantia Patz Ges.m.b.H	Advisory council member	No
	Danapak Flexibles AS	SB member	No
	Drukkerij Verstraete NV	Advisory council member	Yes
	Globalpack Mexico	SB member	No
	Slovenská sporiteľňa, a.s.	SB member	Yes
	Teich AG	MB chairman	No
	Teich Russia Unternehmensbeteiligungs GmbH	MB member	No
Juan Maria Nin Génova . . . . .	Banco BPI, S.A.	Member of board of directors	Yes
	Banco de Sabadell, S.A.	Advisory board member	No
	CaixaBank, S.A.	Deputy chairman and CEO	Yes
	"La Caixa" Foundation	Deputy chairman	Yes
	Criteria Caixaholding S.A.	Deputy chairman	Yes
	Gas Natural SDG, S.A.	Member of board of directors	Yes
	Repsol YPF	Member of board of directors	Yes
	VidaCaixa Grupo, S.A.U. (Insurances)	Member of board of directors	Yes
Brian Deveraux O'Neill . . . . .	Banca Comercială Română S.A.	SB member	Yes
	CorpBanca, S.A.	Board member	No
	Emigrant Bank	Board member	Yes
	Gafisa S.A.	Board member	No
	JP Morgan Chase Corp.	Investment banking, Canada & Latin America	No
	JP Morgan Chase Corp.	Vice chairman, investment banking	No
	Latin America Agribusiness Development Corporation	Vice chairman of the board	No
	Mercantil Commercebank, Florida	Board member	No
	Seven Seas Water Corporation	Director	Yes
Dr. Wilhelm Rasinger . . . . .	"Am Klimtpark" LiegenschaftsverwaltungsgmbH	Executive director	Yes
	BÖHLER-UDDEHOLM Aktiengesellschaft	SB member	No
	CEE Immobilien Development AG	SB member	No
	Friedrichshof Wohnungsgenossenschaft reg. Gen.mbh	SB chairman	Yes
	Haberkorn Holding AG	SB member	Yes
	Hatec Privatstiftung	SB member	Yes
	Inter-Management Unternehmensberatung Gesellschaft m.b.H.	Executive director	Yes
	S IMMO AG	SB member	Yes

Name	Name of relevant company/partnership	Position held	Position still held?
	S & T System Integration & Technologie Distribution AG	SB member	No
	Wienerberger AG	SB member	Yes
John James Stack	Ally Financial Inc.	Member of board of directors	Yes
	Ally Bank	Member of board of directors	Yes
	CERGE-EI	Member of board of directors	Yes
	Česká spořitelna, a.s.	MB chairman	No
	Česká spořitelna, a.s.	SB member	Yes
	Česká spořitelna Foundation	SB member	No
	Mutual of America Life Insurance Company	SB member	Yes
	Shorebank International	SB member	No
Andreas Lachs . . . .	VBV-Pensionskasse AG	SB member	Yes
Friedrich Lackner . .	DIE ERSTE Österreichische Spar-Casse Privatstiftung	SB member	Yes
Bertram Mach . . . .	none	—	—
Barbara Smrcka . . .	none	—	—
Karin Zeisel . . . . .	none	—	—

Source: Internal information of Erste Group Bank.

*Friedrich Rödler* (Chairman of the Supervisory Board). Born in 1950, Mr. Rödler studied technical mathematics and computer science at the Vienna University of Technology (*Technische Universität Wien*), graduating in 1975, and business administration and tax law at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*), graduating in 1976. In 1980, Mr. Rödler was admitted as tax adviser (*Steuerberater*) and in 1982 as certified auditor (*Wirtschaftsprüfer*). He started his career with Arthur Andersen Austria in 1976. Between 1990 and 30 June 2013, Mr. Rödler held various positions with PwC PricewaterhouseCoopers Austria (and other group companies), where he most recently was Country Senior Partner. Mr. Rödler has been a member of the Supervisory Board since 2004 and its chairman since 2012.

*Georg Winckler* (First deputy chairman of the Supervisory Board). Born in 1943, Mr. Winckler studied economics at the Princeton University and the University of Vienna (*Universität Wien*), where he obtained a doctorate in 1968. He started his career in 1967 at the Austrian Institute of Economic Research (*Österreichisches Institut für Wirtschaftsforschung, Wifo*) in Vienna. Between 1968 and 1975, Mr. Winckler was research assistant at the Department of Economics at the University of Vienna (*Universität Wien*), where he became (full) Professor of Economics in 1978 and was rector between 1999 and 2011. He also was Visiting Professor at the University of Graz (*Universität Graz*), the University of Fribourg (*Université de Fribourg*), Switzerland, the University of Linz (*Universität Linz*), Georgetown University, Washington D.C., and the Comenius University in Bratislava. He has been a member of the Supervisory Board since 1993 and its deputy chairman since 2005.

*Theresa Jordis* (Second deputy chairwoman of the Supervisory Board). Born in 1949, Ms. Jordis studied law at the University of Vienna (*Universität Wien*), where she obtained a doctorate in 1971. In 1981, Ms. Jordis passed her bar exam. Since 1981, she has practiced law. Ms. Jordis is the founding partner of the law firm DORDA BRUGGER JORDIS Rechtsanwälte GmbH. She has been a member of the Supervisory Board since 1998 and its deputy chairwoman since 2005.

*Bettina Breiteneder.* Born in 1970, Ms. Breiteneder studied business administration at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*), graduating in 1994. Since 1994, she has been working with BIP Breiteneder Immobilien Parking, a group of companies owned by her family. Ms. Breiteneder has been a member of the Supervisory Board since 2004.

*Jan Homan.* Born in 1947, Mr. Homan studied economics at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*), graduating in 1972. He started his career with Chase Manhattan Bank in Frankfurt am Main, New York and Düsseldorf in 1972. Other previous appointments include positions at Bank Société Générale Alsacienne in Vienna, Sandvik Austria GmbH, Vienna, and Hartmann Druckfarben GmbH, Vienna. Between 1991 and 2004, Mr. Homan was CEO of Teich Group, Weinburg, and between 2004 and January 2011 CEO of Constantia Flexibles Group, Weinburg. He has been a member of the Supervisory Board since 2004.

*Juan Maria Nin Génova.* Born, in 1953, Mr. Nin Génova graduated in law and economics at the University of Deusto, Bilbao in 1975 and obtained a master in law from the London School of Economics and Political Sciences in 1978. He started his career as programme director of the Spanish team which negotiated the accession of Spain to the European Community (1978-1980) and in 1980 joined Banco Hispano Americano. Other previous appointments include the position of CEO of Banco Sabadell (2002-2007). Since 2007, Mr. Nin Génova has been the President and CEO of "La Caixa" and since July 2011, he has also been the Deputy Chairman and CEO of CaixaBank, S.A. He is a member of the board of directors of the University of Deusto. He has been a member of the Supervisory Board since 2009.

*Brian Deveraux O'Neill.* Born in 1953, Mr. O'Neill obtained a bachelor's degree from the University of San Diego in 1975 and a Master of Business Administration (MBA) from Thunderbird School of Global Management in 1976. He started his career with JP Morgan Chase, where he held various positions between 1977 and 2007, including as member of the management committee for Latin America and Canada. Additionally, he was Deputy Assistant Secretary of the U.S. Department of the Treasury (2007-2009). Since 2009, he has been vice chairman of Lazard International and managing director of Lazard Freres & Co., New York. Mr. O'Neill has been a member of the Supervisory Board since 2007.

*Wilhelm Rasinger.* Born in 1948, Mr. Rasinger studied business administration at the Vienna University of Economics and Business Administration (*Wirtschaftsuniversität Wien*), where he obtained his master's degree in 1972 and a doctorate in 1976. He started his career in 1972 as project manager at the Hernstein Institute for Management and Leadership (*Hernstein Institut für Management und Leadership*), Vienna. Other previous appointments include the position of a management consultant with IBB Internationale Unternehmensberatung, Vienna (1977-1983) and of Allianz Insurance (Allianz Elementar Versicherungs-Aktiengesellschaft), Vienna (1983-1993). Since 1992, he has been a honorary professor for economics at the Vienna University of Technology (*Technische Universität Wien*). Since 1993, Mr. Rasinger has been managing partner of Inter-Management Unternehmensberatung GmbH, Vienna, and, since 2004, managing partner of "Am Klimtpark" Liegenschaftsverwaltung GmbH, Vienna. He is chairman of the Austrian Association of Investors (*IVA—Interessenverband für Anleger*). He has been a member of the Supervisory Board since 2005.

*John James Stack.* Born in 1946, Mr. Stack earned a BA degree in 1968 from Iona College (New Rochelle, NY) majoring in mathematics and economics. He received a Master of Business Administration in 1970 from the Harvard Business School (Boston, MA). He started his career in the New York City Mayor's Office in 1970 and worked for six years in New York City and State governments. In 1977, he joined Chemical Bank and spent 22 years in increasingly senior positions at Chemical Bank and its successor institution Chase Bank serving consumer, small business and middle market clients in the United States. From 2000 to 2007, Mr. Stack was the

Chairman and CEO of Česká spořitelna, a.s, the Czech Republic. He has been a member of the Supervisory Board since 2007.

*Andreas Lachs.* Born in 1964, Mr. Lachs studied business information technology at the University of Vienna (*Universität Wien*), graduating in 1991. In 1993, he obtained a Master of Business Administration (MBA) from Columbia University Business School, New York. He started his career in 1994 as an analyst with the Creditanstalt Group, Vienna. In 1997, Mr. Lachs joined GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna (a legal predecessor of Erste Group Bank). He currently holds the position of a market risk manager at Erste Group Bank. Since 2007, Mr. Lachs has been a member of Erste Group Bank's employees' council, and since 2011, its deputy chairman. He has been a member of the Supervisory Board since 2008.

*Friedrich Lackner.* Born in 1952, Mr. Lackner started his career with Girozentrale und Bank der österreichischen Sparkassen AG, Vienna (a legal predecessor of GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna, and Erste Group Bank), in 1972. Mr. Lackner is a settlement specialist (*Spezialist Abwicklung*) in the Group Operations Retail and Corporate Division of Erste Group Bank (currently on leave due to his position on Erste Group Bank's employees' council). Since 2007, he has been chairman of Erste Group Bank's employees' council. In 2009, Mr. Lackner became chairman of the executive committee (*Präsidium*) of the group employees' council of Erste Group. He has been a member of the Supervisory Board since 2007.

*Bertram Mach.* Born in 1951, Mr. Mach studied economics at the University of Vienna (*Universität Wien*). In 1978, he started his career with Girozentrale und Bank der österreichischen Sparkassen AG, Vienna (a legal predecessor of GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna, and Erste Group Bank), in the area of international business. Mr. Mach is deputy chairman of the employees' council of Erste Group Bank and has been its member (and member of the employees' councils of Erste Group Bank's legal predecessors) since 1980. Since 2008, he has been a member of the Supervisory Board.

*Barbara Smrcka.* Born in 1969, Ms. Smrcka started her career with Österreichisches Credit-Institut AG, Vienna (a legal predecessor of GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna, and Erste Group Bank), in 1989, where her last position was procurement manager and procurement accountant. In 2001, the procurement department was outsourced (including an assignment of employees (*Arbeitnehmerüberlassung*)) to BMG Warenbeschaffung GmbH (now Procurement Services GmbH), Vienna, where Ms. Smrcka held various positions including Head of Customer Support & Services and Head of IT. Since August 2012, she holds a position in the staff unit Special Projects and Organisation. Since 2008, Ms. Smrcka has been deputy chairwoman of Erste Group Bank's employees' council and member of the Supervisory Board.

*Karin Zeisel.* Born in 1961, Ms. Zeisel started her career with a legal predecessor of Erste Group Bank in 1979. She currently holds the position of an advisor to Erste Time Bank, a platform for volunteers operated by Erste Group Bank and Austrian savings banks. Ms. Zeisel has been a member of the employees' council of Erste Group Bank (and its legal predecessors) since 1996 and its deputy chairwoman since 2003. She also is a member of the Federal Executive Board of Österreichischer Gewerkschaftsbund (*ÖGB*, the Austrian Trade Union Federation) and deputy chairwoman of the trade union GPA—djp (Trade Union of Private Employees—Print Journalism Paper). Since 2007, Ms. Zeisel has been a member of the Supervisory Board.

### **Supervisory Board committees**

The Supervisory Board has established certain committees from among its members, some of which are required to be established by law. The current Supervisory Board committees comprise an audit committee, a remuneration committee, a nomination committee, an executive committee, a risk management committee and a construction committee. The decision-making powers of the respective committees are regulated in the by-laws of the



Supervisory Board and the by-laws of each of the committees adopted by the Supervisory Board. Each committee is composed of a chairperson, a deputy chairperson and further Shareholders' Representatives as well as Supervisory Board members delegated by the employees' council, one of whom may also be appointed deputy chairperson. Generally, each committee is quorate if the meeting has been duly convened and if at least half of the Shareholders' Representatives are present, unless the Articles of Association or the law require a higher quorum. As a general rule, resolutions are passed by simple majority of the votes cast, unless the Articles of Association or the law require a higher majority. In the event of a tie vote, the chairperson of the committee has the casting vote. If a resolution is not passed unanimously, each member of the committee can demand to refer the matter to the Supervisory Board. Each committee must regularly report to the Supervisory Board.

***Audit committee***

The audit committee is responsible, among other things, for the supervision of the accounting process; the supervision of the effectiveness of the internal control, the internal audit system and the risk management system; the proposal for the appointment of the auditors; the supervision of the annual audit and the annual group audit; the assessment and supervision of the independency of the auditors; and reviewing and preparing the approval of the annual financial statements and the consolidated financial statements of Erste Group Bank. Meetings of the audit committee shall take place at least four times a year.

The current members of the audit committee are:

<b>Name</b>	<b>Position</b>
Georg Winckler . . . . .	Chairman of the committee
Theresa Jordis . . . . .	Deputy chairwoman of the committee
Wilhelm Rasinger . . . . .	Member
Friedrich Rödler . . . . .	Member
Bettina Breiteneder . . . . .	Substitute member
Friedrich Lackner . . . . .	Member (delegated by the employees' council)
Andreas Lachs . . . . .	Member (delegated by the employees' council)
Barbara Smrcka . . . . .	Substitute member (delegated by the employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

***Remuneration committee***

The remuneration committee, among other things, approves the general principles of the remuneration policy, reviews them periodically and is responsible for their implementation. It also monitors the remuneration policy, remuneration practices, incentive schemes related to remuneration and the pay-out of variable remuneration to Management Board members and senior management. Meetings of the remuneration committee shall take place at least twice a year.

The current members of the remuneration committee are:

<b>Name</b>	<b>Position</b>
Friedrich Rödler . . . . .	Chairman of the committee
Georg Winckler . . . . .	Deputy chairman of the committee
Theresa Jordis . . . . .	Member
Juan Maria Nin Génova . . . . .	Member
Brian Deveraux O'Neill . . . . .	Member
John James Stack . . . . .	Member
Jan Homan . . . . .	Substitute member
Friedrich Lackner . . . . .	Member (delegated by the employees' council)
Bertram Mach . . . . .	Member (delegated by the employees' council)
Karin Zeisel . . . . .	Member (delegated by the employees' council)
Barbara Smrcka . . . . .	Substitute member (delegated by the employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

### ***Nomination committee***

The nomination committee, among other things, submits proposals to the Supervisory Board for the appointment of new Management Board and Supervisory Board members, deals with relationships between Erste Group Bank and members of the Management Board, with the exception of resolutions regarding the appointment or the revocation of the appointment of Management Board members as well as the granting of stock options for shares of Erste Group Bank. The chairperson of the Supervisory Board shall always be the chairperson of the nomination committee. Meetings of the nomination committee shall take place whenever necessary.

The current members of the nomination committee are:

<b>Name</b>	<b>Position</b>
Friedrich Rödler . . . . .	Chairman of the committee
Georg Winckler . . . . .	Deputy chairman of the committee
Theresa Jordis . . . . .	Member
Friedrich Lackner . . . . .	Member (delegated by the employees' council)
Bertram Mach . . . . .	Member (delegated by the employees' council)
Karin Zeisel . . . . .	Substitute member (delegated by the employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

### ***Executive committee***

The executive committee can be mandated at any time by the Supervisory Board to deal with specific topics (e.g., capital measures) in order to prepare a decision by the Supervisory Board on that subject. The Supervisory Board may also authorize the executive committee to make a final decision. In the case of an emergency and in order to avert serious damage, the chairperson may convene the executive committee to become active in Erste Group Bank's interest even without a specific mandate of the Supervisory Board. Meetings of the executive committee shall take place whenever necessary.

The current members of the executive committee are:

Name	Position
Friedrich Rödler . . . . .	Chairman of the committee
Georg Winckler . . . . .	Deputy chairman of the committee
Theresa Jordis . . . . .	Member
Juan Maria Nin Génova . . . . .	Member
Wilhelm Rasinger . . . . .	Substitute member
Friedrich Lackner . . . . .	Member (delegated by the employees' council)
Bertram Mach . . . . .	Member (delegated by the employees' council)
Andreas Lachs . . . . .	Substitute member (delegated by the employees' council)

Source: Minutes of the meeting of the Supervisory Board dated 27 June 2012.

### **Risk management committee**

The risk management committee is responsible, among other things, for granting approval in all those cases where loans and investments or major investments within the meaning of Section 27 Banking Act reach an amount requiring the Management Board to obtain the approval of the Supervisory Board. It is also charged with granting approval to large exposures pursuant to Section 27 Banking Act, if such an investment to credit institutions exceeds 10% of the own funds of Erste Group Bank or if the investment amounts to at least 10% of the consolidated own funds of Erste Group. Within the limits of its powers, the committee may grant approvals in advance to the extent permitted by law. In addition, it is responsible for the supervision of the risk management of Erste Group Bank and deals with risk management activity reports, reports on litigation, larger IT projects, workout reports, and reports on important audits of Erste Group Bank's subsidiaries by supervisory authorities. The committee also approves the establishment and closing of Erste Group Bank's branches, the granting of a general power of representation (*Prokura*) or a commercial power of representation for all of the business operations (*Handlungsvollmacht zum gesamten Geschäftsbetrieb*) and supervises the entire equity investment portfolio of Erste Group Bank, unless the audit committee is authorised to do so. Meetings of the risk management committee shall take place at least once a month.

The current members of the risk management committee are:

Name	Position
Friedrich Rödler . . . . .	Chairman of the committee
Georg Winckler . . . . .	Deputy chairman of the committee
Bettina Breiteneder . . . . .	Member
Jan Homan . . . . .	Member
Theresa Jordis . . . . .	Member
Wilhelm Rasinger . . . . .	Member
Andreas Lachs . . . . .	Member (delegated by employees' council)
Bertram Mach . . . . .	Member (delegated by employees' council)
Karin Zeisel . . . . .	Member (delegated by employees' council)

Source: Supervisory Board resolution adopted in a written consent procedure on 29 May 2013.

### **Construction committee**

The construction committee is responsible for advising the Management Board and for preparing resolutions to be adopted by the Supervisory Board with respect to "Erste Campus", the future headquarters of Erste Group. Meetings of the construction committee shall take place at least twice a year.

The current members of the construction committee are:

Name	Position
Bettina Breiteneder . . . . .	Chairwoman of the committee
Friedrich Rödler . . . . .	Deputy chairman of the committee
Georg Winckler . . . . .	Member
Friedrich Lackner . . . . .	Member (delegated by employees' council)
Barbara Smrcka . . . . .	Member (delegated by employees' council)

Source: Supervisory Board resolution adopted in a written consent procedure on 29 May 2013.

### Remuneration of the Supervisory Board members

The remuneration of the Supervisory Board members consists of a fixed annual compensation and variable attendance fees. By its resolution of 16 May 2013, the Shareholders' Meeting granted the members of the Supervisory Board an annual compensation for the 2012 financial year in the aggregate amount of €637,568.30, whereby the distribution of this fixed compensation component was left to the discretion of the Supervisory Board.

Based on this resolution, the Supervisory Board, by its resolution adopted in a written consent procedure on 29 May 2013, set the following annual compensation structure for the financial year 2012 (except for employees' representatives):

Compensation in €, except for number of persons	Number	Allowance per person	Total allowance
Chairperson <sup>(1)</sup> . . . . .	1	100,000	100,000
Deputy chairperson <sup>(2)</sup> . . . . .	2	75,000	150,000
Members . . . . .	9	50,000	450,000
<b>Total</b> . . . . .	<b>12<sup>(3)</sup></b>	<b>—</b>	<b>700,000</b>

Source: Internal Information of Erste Group Bank.

- (1) Named as "Chairman" in the consolidated financial statements as of and for the financial year ended 31 December 2012.
- (2) Named as "Vice Chairman" in the consolidated financial statements as of and for the financial year ended 31 December 2012.
- (3) Currently, the Supervisory Board consists of nine members elected by the Shareholders' Meeting and five members delegated by the employees' council.

The definite compensation of each member of the Supervisory Board is calculated by dividing the applicable annual allowance by twelve and multiplying the result by the number of months during which the respective Supervisory Board member served in the applicable position during the year.

In addition, the Shareholders' Meeting resolved on 16 May 2013 that attendance fees shall be paid to the Supervisory Board members (except for employees representatives), which were set at €1,000 per meeting of the Supervisory Board or one of its committees.

The following table sets out the compensation paid or due to persons who were members of the Supervisory Board as of 31 December 2012 for the financial year 2012 and in 2012 for prior financial years. Since 31 December 2012, the appointment of Werner Tessmar-Pfohl to the

Supervisory Board expired with effect as of the end of the Shareholders' Meeting of 16 May 2013.

Supervisory Board member in €	Compensation paid in 2012 for prior years	Compensation for the year 2012	Attendance fees for the year 2012	Total
Georg Winckler . . . . .	75,000	75,000	31,000	181,000
Theresa Jordis . . . . .	75,000	75,000	29,000	179,000
Bettina Breiteneder . . . . .	50,000	50,000	20,000	120,000
Jan Homan . . . . .	50,000	50,000	10,000	110,000
Juan María Nin Génova . . . . .	50,000	50,000	5,000	105,000
Brian Deveraux O'Neill . . . . .	50,000	50,000	7,000	107,000
Wilhelm Rasinger . . . . .	50,000	50,000	27,000	127,000
Friedrich Rödler . . . . .	50,000	81,420.76	36,000	167,420.76
John James Stack . . . . .	50,000	50,000	6,000	106,000
Werner Tessmar-Pfohl (until 16 May 2013) . . . . .	50,000	50,000	12,000	112,000
Andreas Lachs . . . . .	0	0	0	0
Friedrich Lackner . . . . .	0	0	0	0
Bertram Mach . . . . .	0	0	0	0
Barbara Smrcka . . . . .	0	0	0	0
Karin Zeisel . . . . .	0	0	0	0

Source: Internal Information of Erste Group Bank

Furthermore, the former members of the Supervisory Board Heinz Kessler and Elisabeth Gürtler received for the financial year 2012 compensation in the amount of €37,431.69 and €18,715.85 as well as attendance fees in the amount of €14,000 and €2,000, respectively; furthermore, compensation in the amount of €100,000 and €50,000, respectively, was paid to them in 2012 for prior financial years

In addition, certain members of the Supervisory Board received compensation for board positions in subsidiaries of Erste Group Bank for the financial year 2012 (the current chairman of the Supervisory Board Friedrich Rödler: Erste Bank der oesterreichischen Sparkassen AG (€13,500) and the former member of the Supervisory Board Werner Tessmar-Pfohl: Steiermärkische Bank und Sparkassen AG (€28,400)). Furthermore, certain members of the Supervisory Board received compensation for board positions in subsidiaries of Erste Group Bank in 2012 for prior financial years (the current chairman of the Supervisory Board Friedrich Rödler: Erste Bank der oesterreichischen Sparkassen AG (€13,250), the former member of the Supervisory Board Werner Tessmar-Pfohl: Steiermärkische Bank und Sparkassen AG (€25,600) and the former member of the Supervisory Board Heinz Kessler: Erste Bank der oesterreichischen Sparkassen AG and Česká spořitelna, a.s. (€48,489)).

Furthermore, Supervisory Board members are reimbursed for expenses incurred by them in connection with meetings of the Supervisory Board and its committees.

There are no service contracts between Erste Group Bank and/or its subsidiaries and Supervisory Board members providing for benefits upon termination, other than the employment contracts of the members delegated by the employees' council (see "*Description of Erste Group's business—Employees*").

Erste Group Bank has entered into directors' and officers' insurance agreements in its name, covering the members of the Supervisory Board, based on prevailing market conditions.

#### **Pension, retirement and similar benefits of the Supervisory Board members**

There are no amounts set aside or accrued by Erste Group Bank for pension, retirement and similar benefits of the Supervisory Board members for the financial year 2012.

## Shareholdings of the members of the Supervisory Board

As of 30 April 2013, the current members of the Supervisory Board had the following shareholdings or options for shares in Erste Group Bank:

Supervisory Board member	Number of shares	Number of options on shares
Georg Winckler . . . . .	2,500	0
Bettina Breiteneder . . . . .	0	0
Jan Homan . . . . .	4,400	0
Juan Maria Nin Génova . . . . .	0	0
Wilhelm Rasinger . . . . .	15,303	0
Theresa Jordis . . . . .	2,900	0
Friedrich Rödler . . . . .	1,702	0
John James Stack . . . . .	32,761	0
Andreas Lachs . . . . .	52	0
Friedrich Lackner . . . . .	500	50
Bertram Mach . . . . .	95	0
Barbara Smrcka . . . . .	281	0
Karin Zeisel . . . . .	35	100
Brian Deveraux O'Neill . . . . .	0	0

Source: Internal information of Erste Group Bank.

The options on shares in Erste Group Bank were not granted due to the holders' capacity as Supervisory Board members but are due to other functions held within Erste Group in accordance with the ESOPs. Erste Group Bank is not aware of any restrictions agreed upon by the Supervisory Board members on the disposal of their holdings in Erste Group Bank's shares or options on shares in Erste Group Bank.

## Management Board

### General

The management board of an Austrian stock corporation is appointed by the supervisory board for a maximum period of five years, however, members of the management board may be re-appointed. The members of the management board may be dismissed by the supervisory board for significant reasons, such as gross negligence or deliberate breach of duties. The shareholders themselves are, in principle, not entitled to appoint or dismiss the members of the management board.

The Management Board has, in principle, no obligation to obey orders or directives, originating either from the Shareholders' Meeting or from the Supervisory Board. Certain transactions referred to in the Stock Corporation Act, the Articles of Association and the by-laws of the Supervisory Board and the Management Board require the prior consent of the Supervisory Board. If such transactions are executed without the consent of the Supervisory Board, the Management Board is liable towards Erste Group Bank for any resulting damage. The transactions, however, are effective with respect to third parties.

The Stock Corporation Act provides for no minimum or maximum number of members of the management board. Pursuant to the Articles of Association, the Management Board shall have three to nine members. The Articles of Association set forth certain personal qualification requirements, which are a precondition to the appointment as a member of the Management Board. Only persons of age and unrestricted capacity may be members of the Management Board. Additionally, persons who (i) have reached the age of 65 years, (ii) hold more than 5% of the voting capital of other credit institutions, (iii) are members of corporate bodies and employees of other banks if such banks are direct competitors of Erste Group Bank (unless they exercise these functions with the consent of the Supervisory Board or upon Erste Group Bank's



instructions), (iv) are excluded from carrying out a trade (*Gewerbe*) according to Section 13 (1) to (3), (5) and (6) Austrian Trade Code (*Gewerbeordnung*), (v) have a continuous agency relationship with Erste Group Bank, (vi) are related to a member of the Management Board or the Supervisory Board in direct line and first degree of relationship or who are married to or cohabit with a member of the Management Board or the Supervisory Board, or (vii) are members of "VEREIN—DIE ERSTE österreichische Spar-Casse Privatstiftung", may not be appointed as members of the Management Board or re-appointed for further terms. Members of the Management Board are full-time employees of Erste Group Bank.

The by-laws (*Geschäftsordnung*) of the Management Board are established by the Management Board and must be approved by the Supervisory Board. The Supervisory Board must appoint one Management Board member as chairperson and may also appoint a deputy chairperson of the Management Board. Meetings of the Management Board shall take place once a week. The chairperson, or in its absence the deputy chairperson, or in the case the deputy chairperson is absent, the Management Board member who is most senior by the term of office, is responsible for convening the meetings. The chairperson, its deputy or the Management Board member who is most senior by the term of office acts as chair of the meetings. The Management Board is quorate if at least half of its members are present. Certain important resolutions require the presence of all members or at least the opinion statement of all members prior to a vote. Resolutions are passed by simple majority of the votes cast, unless the Articles of Association, the law or the by-laws of the Management Board require a higher majority. In the event of a tie vote, the chairperson of the Management Board has the casting vote. Erste Group Bank is represented jointly by two members of the Management Board or one member of the Management Board together with an authorised officer holding a joint power of representation (*Gesamtprokurist*), or, subject to certain statutory restrictions, by two authorised officers each holding a joint power of representation.

## Current and designated members of the Management Board

Currently, the Management Board consists of five members who have extensive experience in the Austrian banking market and the savings banks sector. As of 1 September 2013, the composition of the Management Board and the allocation of responsibilities within the Management Board will change due to the resignation of a current member and the appointment of new member of the Management Board that is effective if no objections are raised by the FMA. The current and the designated members of the Management Board are listed below, together with information on their term of office. All current members of the Management Board have positions in various companies which are part of Erste Group.

Name	Responsibility	First appointed with effect as of	Appointment expires on
Andreas Treichl (Chairman)	Group Strategy and Participation Management, Group Secretariat, Group Communications, Group Investor Relations, Group Human Resources, Group Audit, Group Brands, Employees' Council, Social Banking Development	1 October 1994 (as member of the Management Board); 1 July 1997 (as chairman of the Management Board)	30 June 2017
Dr. Franz Hochstrasser (Deputy chairman)	Group Research, Group Capital Markets, Group Investment Banking, Group Large Corporate Banking, Erste Group Immortent Clients, Industries & Infrastructure, Steering and Operating Office Markets, Steering and Operating Office Corporates	1 January 1999 (as member of the Management Board); 24 September 2008 (as deputy chairman of the Management Board)	30 June 2017
Herbert Juranek	Group Organisation/IT, Group Banking Operations, Group Services	1 July 2007	30 June 2017
Gernot Mittendorfer	<ul style="list-style-type: none"> <li>Currently: Group Strategic Risk Management, Group Corporate Risk Management, Group Retail Risk Management, Group Corporate Workout, Group Compliance, Legal &amp; Security, Group Erste Group Immortent Real Estate Risk Management, Group Risk Governance and Projects, Quantitative Risk Methodologies</li> <li>As of 1 September 2013: Group Accounting, Group Performance Management, Group Asset Liability Management</li> </ul>	1 January 2011	30 June 2017

Name	Responsibility	First appointed with effect as of	Appointment expires on
Dr. Manfred Wimmer . . . . .	Group Accounting, Group Performance Management, Group Asset Liability Management	1 September 2008	30 June 2017 (resigned with effect as of 31 August 2013)
Dr. Andreas Gottschling <sup>(1)</sup> . . . . .	Group Strategic Risk Management, Group Corporate Risk Management, Group Retail Risk Management, Group Corporate Workout, Group Compliance, Legal & Security, Group Erste Group Immorent Real Estate Risk Management, Group Risk Governance and Projects, Quantitative Risk Methodologies	1 September 2013, effective if no objections are raised by FMA	30 June 2017

Source: Organisational charts of Erste Group Bank.

(1) Designated member of the Management Board, appointed with effect as of 1 September 2013, effective if no objections are raised by FMA.

The members of the Management Board can be reached at Erste Group Bank's business address Graben 21, 1010 Vienna, Austria.

The following table sets forth the names of all companies and partnerships of which each of the current and the designated members of the Management Board has been a member of the administrative, management or supervisory board or partner (as the case may be) at any time within the five years prior to the date of this Prospectus (including selected subsidiaries):

Name	Name of relevant company/partnership	Position held	Position still held?	
Andreas Treichl . . . . .	Banca Comercială Română S.A.	SB chairman	Yes	
	Česká spořitelna, a.s.	SB member	No	
	DONAU Versicherung AG Vienna Insurance Group	SB deputy chairman	Yes	
	Erste Bank der oesterreichischen Sparkassen AG	SB chairman	Yes	
	Erste Bank Hungary Zrt.	SB deputy chairman	No	
	DIE ERSTE Österreichische Spar-Casse Privatstiftung	MB chairman	No	
	Felima Privatstiftung	MB chairman	Yes	
	Ferdima Privatstiftung	MB chairman	Yes	
	good.bee Holding GmbH	AB member	Yes	
	Haftungsverbund GmbH	AB chairman	Yes	
	Sparkassen Versicherung AG Vienna Insurance Group	SB chairman	Yes	
	Dr. Franz Hochstrasser . . . . .	Brokerjet Bank AG (previously, ecetra Central European e-Finance AG)	SB chairman	No
		brokerjet Ceske sporitelny, a.s.	SB chairman	No
		BVP-Pensionsvorsorge-Consult G.m.b.H.	SB deputy chairman	No
Capexit Beteiligungs Invest MF-AG		SB chairman	No	
Capexit Private Equity Invest AG		SB chairman	No	
CEE PROPERTY-INVEST Immobilien AG		SB chairman	No	
CEESEG Aktiengesellschaft		SB member	Yes	
ecetra Internet Services AG	SB chairman	No		
Erste Asset Management GmbH	SB member	No		

<b>Name</b>	<b>Name of relevant company/partnership</b>	<b>Position held</b>	<b>Position still held?</b>
	Erste Corporate Finance GmbH	SB member	No
	Erste Financial Products Ltd.	MB chairman	No
	Erste Securities Polska S.A.	SB chairman	No
	Erste Securities Zagreb d.o.o.	AB chairman	No
	Erste Group Immorent AG	SB chairman	Yes
	Oesterreichische Kontrollbank Aktiengesellschaft	SB deputy chairman	Yes
	Österreichischer Sparkassenverband	MB member	No
	Public Company "Erste Bank"	SB member	No
	Slovenská sporiteľňa, a.s.	SB chairman	No
	Sparkasse Kremstal-Pyhrn Aktiengesellschaft	SB member	No
	Sparkassen Immobilien Aktiengesellschaft	SB chairman	No
	Steiermärkische Bank und Sparkassen Aktiengesellschaft	SB member	No
	VBV-Vorsorgekasse AG	SB deputy chairman	No
	Wiener Börse AG	SB member	Yes
Herbert Juranek . . . . .	Banca Comercială Română S.A.	SB member	Yes
	Brokerjet Bank AG (previously, ecetra Central European e-Finance AG)	SB member	Yes
	Česká spořitelna, a.s.	SB member	Yes
	EH-Alpha Holding GmbH (previously, Dezentrale IT-Infrastruktur Services GmbH)	SB chairman	No
	EGB e-business Holding GmbH (previously, ecetra Internet Services AG)	SB member	No
	Erste & Steiermärkische Bank d.d.	SB chairman	Yes
	Erste Group IT International, spol. s.r.o.	AB chairman	Yes
	Erste Group IT SK, spol. (previously, Informations-Technologie Austria SK, spol. s.r.o.)	AB member	No
	Informations-Technologie Austria CZ, spol. s.r.o. (merged with s IT Solutions CZ OM Objektmanagement GmbH	AB deputy chairman	Yes
	Informations-Technologie Austria GmbH	SB chairman	No
	MBU d.o.o.	AB member	Yes
	OM Objektmanagement GmbH	AB deputy chairman	Yes
	Procurement Services GmbH	AB deputy chairman	Yes
	Public Company "Erste Bank"	SB chairman	No
	s IT Solutions AT Spardat GmbH	SB chairman	Yes
	s IT Solutions CZ, s.r.o.	AB member	Yes
	s IT Solutions Holding GmbH	AB member	No
	s IT Solutions SK, spol. S.r.o.	SB chairman	No
	s IT Solutions HR d.o.o.	AB member	Yes
	Slovenská sporiteľňa, a.s.	SB member	Yes
Gernot Mittendorfer . . .	Česká spořitelna, a.s.	MB chairman	No
	Erste Bank a.d. Novi Sad	SB chairman	Yes
	Erste Bank der oesterreichischen Sparkassen AG	SB member	Yes
	Erste Group Immorent AG	SB deputy chairman	Yes
	Oesterreichische Kontrollbank Aktiengesellschaft	SB member	No
	Slovenská sporiteľňa, a.s.	SB chairman	Yes
	Banca Comercială Română S.A.	SB member	Yes

Name	Name of relevant company/partnership	Position held	Position still held?
Dr. Manfred Wimmer <sup>(1)</sup>	Banca Comercială Română S.A.	SB deputy chairman	Yes
	CEE PROPERTY-INVEST Immobilien AG	SB member	No
	Česká spořitelna, a.s.	SB chairman	Yes
	EGB Ceps Beteiligungen GmbH	Executive director	Yes
	EGB Ceps Holdings GmbH	Executive director	Yes
	Erste Bank der oesterreichischen Sparkassen AG	SB member	No
	Erste Bank Hungary Zrt	SB chairman	Yes
Dr. Andreas Gottschling <sup>(2)</sup>	Deutsche Bank AG	Managing Director	No
	LGT Capital Management AG	Managing Director	No

Source: Internal information of Erste Group Bank

(1) Resigned as member of the Management Board with effect as of 31 August 2013.

(2) Designated member of the Management Board, appointed with effect as of 1 September 2013, if no objections are raised by FMA.

*Andreas Treichl* (Chairman of the Management Board). Born in 1952, Mr. Treichl studied economics at the University of Vienna (*Universität Wien*), graduating in 1976. After completion of professional trainings in New York with Citibank, Morgan Stanley and Brown Brothers, he started his career with Chase Manhattan Bank in New York in 1977. In 1983, he joined DIE ERSTE österreichische Spar-Casse—Bank (a legal predecessor of Erste Group Bank) for the first time, becoming its Director for Corporate Banking, a position he held until the end of 1985. Between 1986 and 1994, Mr. Treichl was the CEO of Chase Manhattan Bank in Vienna. He rejoined DIE ERSTE österreichische Spar-Casse—Bank in 1994, when he was appointed to the Management Board (on 1 October 1994). He has been chairman of the Management Board and the CEO of Erste Group Bank since July 1997.

*Franz Hochstrasser* (Deputy chairman of the Management Board). Born in 1963, Mr. Hochstrasser studied economics at the University of Graz (*Universität Graz*), graduating in 1988, and obtained a doctorate in economics in 1990. Between 1991 and 1993, he completed internships at Girozentrale und Bank der österreichischen Sparkassen AG, Vienna (and its legal successor GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna). Between 1991 and 1997, he held various positions with GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna (which was merged with Erste Group Bank in 1997), including as Vice Director for Investment Banking and Trading. From 1997 to 1998, Mr. Hochstrasser was a director responsible for Controlling and Risk Management of Erste Bank der oesterreichischen Sparkassen AG (Erste Group Bank's legal predecessor). He has been a member of the Management Board since 1 January 1999. Since 2008, he has been deputy chairman of the Management Board.

*Herbert Juranek*. Born in 1966, Mr. Juranek started his career in 1985 with the *Finanzkammer der Erzdiözese Wien* (Archdiocese of Vienna). Between 1990 and 1996, he held various positions at GiroCredit Bank Aktiengesellschaft der Sparkassen, Vienna (and its legal predecessors), e.g., as Head of Derivative Clearing & Technical Support. In 1996, Mr. Juranek became Head of Risk Management of Reuters Ges.m.b.H. Austria and in 1998, in addition he assumed the responsibilities of Sales Manager Austria. He joined Erste Bank der oesterreichischen Sparkassen AG (Erste Group Bank's legal predecessor) as Executive Director for Securities & Treasury Operations in 1999. Since then, he held various management positions (e.g., as Executive Director of Group Organisation & IT, CIO) and supervisory board functions with different Erste Group companies in the respective countries. He has been a member of the Management Board since 1 July 2007.

*Gernot Mittendorfer*. Born in 1964, Mr. Mittendorfer studied law at the University of Linz (*Universität Linz*), graduating in 1989, and obtained a Master of Business Administration (MBA) from the Webster University, Vienna, in 1996. He started his career in 1990 with DIE ERSTE

österreichische Spar-Casse—Bank (a legal predecessor of Erste Group Bank), where he held various positions until 1997. Other previous appointments include positions as management board member of Sparkasse Mühlviertel West Bank AG, Rohrbach (1997-1999), Erste Bank Sparkassen (CR), a.s., Prague (1999-2000) and Česká spořitelna, a.s., Prague (2000-2004). Mr. Mittendorfer also was CEO of Salzburger Sparkasse Bank AG, Salzburg (2004-2007) and, upon his return to Česká spořitelna, a.s., Prague (2007-2010), CEO of Česká spořitelna, a.s. He has been a member of the Management Board since 1 January 2011. With effect as of 1 September 2013, Mr. Mittendorfer will succeed Mr. Wimmer as Erste Group Bank's CFO.

*Manfred Wimmer.* Born in 1956, Mr. Wimmer studied law at the University of Innsbruck (*Universität Innsbruck*), obtaining a doctorate in 1978. He started his career in 1978 as Assistant Professor of Private Law at the University of Innsbruck. Between 1982 and 2007, he held various positions with Creditanstalt-Bankverein, Vienna. In 1998, he joined Erste Bank der oesterreichischen Sparkassen AG (Erste Group Bank's legal predecessor) where, among other things, he was Head of Group Architecture and Head of Strategic Group Development. In 2007, Mr. Wimmer became member of the management board of BCR. Between 2007 and 2008, he was CEO of BCR. As of 1 September 2008, he became member of the Management Board and Erste Group Bank's CFO. Mr. Wimmer resigned as member of the Management Board with effect as of 31 August 2013.

*Andreas Gottschling.* Born in 1967, Mr. Gottschling studied economics, mathematics and physics at Harvard University and the University of California, San Diego, where he graduated in economics in and also obtained a doctorate in economics in 1997. He started his career in 1997 at Deutsche Bank AG where he headed the quantitative analysis team until 2000. Following positions as a professor of finance at the Washington State University and advisor at Euroquants in Frankenthal, Germany, he joined LGT Capital Management AG in 2003, where he headed the quantitative research team until 2005. Between 2005 and 2012, he was a managing director at Deutsche Bank AG, responsible for various aspects of risk management, including strategic analysis, capital and operational management and the selection of risk instruments. Currently, Mr. Gottschling is a senior adviser at McKinsey & Company, Inc., focusing on risk management for financial institutions. Mr. Gottschling was appointed as member of the Management Board and Erste Group Bank's CRO with effect as of 1 September 2013.

#### **Remuneration of the Management Board members**

The compensation of Management Board members is based on the individual's responsibilities, the achievement of corporate targets and Erste Group's financial situation.

Total fixed salaries of Management Board members, who were appointed to the Management Board as of 31 December 2012 amount to €3.8 million for the financial year 2012. Since 31 December 2012, Manfred Wimmer resigned from the Management Board effective as of 31 August 2013 and Andreas Gottschling was appointed as new member of the Management Board, effective as of 1 September 2013. The appointment of Mr. Gottschling is effective if no objections are raised by the FMA with regard to his suitability.

Management Board members (including Martin Škopek and Bernhard Spalt whose terms ended on 31 January 2012) received or payment was due for the financial year 2012 and paid in 2012 for prior financial years remuneration (including fixed salary, other compensation and a performance-linked cash component) totalling €8.2 million in this capacity.



The breakdown of Management Board members' compensation paid or due for the financial year 2012 and paid in 2012 for prior financial years is as follows:

in € thousand	Fixed salary for the year 2012	Other compensation for the year 2012	Performance-linked cash component for the year 2012	Compensation paid in 2012 for prior years	Total
Andreas Treichl . . . . .	1,236.7	470.9	1,420.0	0	3,127.6
Franz Hochstrasser . . .	690.6	164.4	710.0	0	1,565.0
Herbert Juranek . . . . .	631.2	60.9	400.0	0	1,092.1
Gernot Mittendorfer . .	599.2	55.0	430.0	0	1,084.2
Manfred Wimmer <sup>(1)</sup> . .	631.2	163.4	400.0	0	1,194.6
Martin Škopek (until 31 January 2012) . . .	75.0	35.1	200.0	0	310.1
Bernhard Spalt (until 31 January 2012) . . .	52.6	5.6	0	0	58.2

Source: Audited unconsolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 and internal information of Erste Group Bank.

(1) Resigned as member of the Management Board with effect as of 31 August 2013.

The item "other compensation for the year 2012" includes pension fund contributions, contributions to *Vorsorgekasse* (for the new severance payment scheme) and various non-cash compensation items. Payments made in the financial year 2012 for unused holidays are also included in "other compensation for the year 2012".

Since the financial year 2010, the variable part of the compensation to the Management Board members is split in an upfront part (60%) and a deferred part (40%). Both parts consist of 50% cash and 50% non-cash instruments. The non-cash instruments are phantom shares, *i.e.*, a right after granting to receive a cash amount that equals the average weighted daily share price of the Erste Group share multiplied by the number of granted phantom shares. The price of the phantom share is linked to the average weighted daily share price of the Erste Group share at the Vienna Stock Exchange and is multiplied by the number of granted phantom shares. The deferred bonus part is deferred over five years and paid out in equal portions over these five years according to legal requirements and is only paid out under specific conditions.

In 2012, none of the current Management Board members received a performance bonus for the financial year 2011 or any previous year in the form of cash payments, phantom shares or other share equivalents. In 2011, the Management Board members received a total performance bonus for 2010 of €1.1 million in cash and 35,539 share equivalents (Andreas Treichl received €491 thousand and 16,362 share equivalents, Franz Hochstrasser received €320 thousand and 10,671 share equivalents, Herbert Juranek received €127 thousand and 4,223 share equivalents and Manfred Wimmer received €128 thousand and 4,283 share equivalents). Valuation of the phantom shares is based on the average weighted daily share price of Erste Group Bank in the previous year.

The Long-Term Incentive (LTI) plan is based on the performance of the Erste Group versus the benchmark. The benchmark consist of two parts. Two thirds of the benchmark is based on the performance of the share price of Erste Group compared with the performance of the share price of eight competitors (financial institutions in Austria) and one third is based on the performance of the Dow Jones Euro Stoxx consisting of the 35 largest banks in the Eurozone. When the share price of the Erste Group outperforms the benchmark the Supervisory Board may decide to pay out a tranche of the LTI. The LTI consists of four annual tranches. Under the

LTI programmes for the years 2007 and 2010, Management Board members received the following payments in 2012:

in € thousand	LTI 2007	LTI 2010	Total
Andreas Treichl . . . . .	240.9	—	240.9
Franz Hochstrasser . . . . .	60.2	84.0	144.2
Herbert Juranek . . . . .	60.2	84.0	144.2
Manfred Wimmer . . . . .	—	84.0	84.0
Gernot Mittendorfer <sup>(1)</sup> . . . . .	—	—	—
<b>Total</b> . . . . .	<b>361.3</b>	<b>252.0</b>	<b>613.3</b>

Source: Audited unconsolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

(1) Resigned as member of the Management Board with effect as of 31 August 2013.

With respect to the year 2013, the remuneration committee of the Supervisory Board can make a decision regarding payments under the LTI programmes at the end of the year based on the LTI guidelines. The guidelines provide that a pay-out depends on the performance of Erste Group over 2013 in relation to its benchmark.

Pursuant to the remuneration guidelines of Erste Group, memberships of Management Board members in supervisory boards of other group companies are not remunerated separately but are deemed to be compensated for by the Management Board members' fixed salaries. Therefore, Management Board members did not receive board remuneration or other compensation from any subsidiaries of Erste Group Bank for the financial year 2012, nor were such payments made in 2012.

The employment contracts with the members of the Management Board (*Vorstandsverträge*) do not provide for specific benefits upon termination. Due to the collective contract for savings banks in Austria, all members of the Management Board have the same rights on termination as employees, *i.e.*, if employment started before 2003, members of the Management Board are entitled to severance payments up to a maximum amount of 100% of the annual remuneration, depending on years in service and, if employment started in 2003 or later, members of the Management Board are entitled to contributions to the *Vorsorgekasse* pursuant to the Austrian *Betriebliches Mitarbeiter- und Selbständigenversorgungsgesetz*.

Erste Group Bank has entered into directors' and officers' insurance agreements in its name, covering the members of the Management Board, based on prevailing market conditions.

#### **Pension, retirement and similar benefits of the Management Board members**

The members of the Management Board participate in the defined contribution pension plan of Erste Group according to the same principles as the employees of Erste Group. If a Management Board member's term ends before he or she reaches the age of 65 by no fault of such member, then for three of the Management Board members the corresponding compensatory payments are made to the pension fund. For the financial year 2012, total expenses for the pension fund of the Management Board amounted to €0.8 million. In 2012, Erste Group Bank paid approximately €0.9 million to former members of the Management Board or their surviving dependants.

## Shareholdings of the members of the Management Board

As of 30 April 2013, the current and designated members of the Management Board had the following shareholdings in Erste Group Bank and/or options on shares in Erste Group Bank:

Management board member	Number of shares	Number of options on shares
Andreas Treichl . . . . .	184,640	0
Franz Hochstrasser . . . . .	25,260	0
Herbert Juranek . . . . .	656	0
Gernot Mittendorfer . . . . .	2,100	0
Manfred Wimmer <sup>(1)</sup> . . . . .	18,132	0
Andreas Gottschling <sup>(2)</sup> . . . . .	0	0

Source: Internal information of Erste Group Bank.

(1) Resigned as member of the Management Board with effect as of 31 August 2013.

(2) Designated member of the Management Board, appointed with effect as of 1 September 2013 if no objections are raised by FMA.

Erste Group Bank is not aware of any restrictions agreed upon by the Management Board members on the disposal of their holdings in Erste Group Bank's shares or options on shares in Erste Group Bank.

## Certain information on the members of the Management Board and the Supervisory Board

Within the five years prior to the date of this Prospectus, no current or designated member of the Management Board or the Supervisory Board (i) was convicted in relation to fraudulent offences, (ii) was associated with bankruptcies, receiverships or liquidations in any of the capacities set out above, (iii) was officially and publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies), or (iv) has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

No potential conflict of interest exists in respect of any current or designated member of the Management Board or Supervisory Board between its duties to Erste Group Bank and its private duties and/or other duties. There are no family ties between or among members of the Management Board and the Supervisory Board.

## Shareholders' Meeting

Shareholders' Meetings of Erste Group Bank (whether ordinary or extraordinary) must be held either in Vienna, where Erste Group Bank has its corporate seat, in one of the domestic branches, or in the capital of any of the Austrian provinces. At least 28 days' prior notice, and in case of an extraordinary Shareholders' Meeting 21 days' prior notice, must be given for the Shareholders' Meeting to be validly held. The right to participate in the Shareholders' Meeting and the related shareholder rights, including the voting right are subject to share ownership on the record date, which is the end of the tenth day before the day of the Shareholders' Meeting. The share ownership on the record date is to be evidenced by a deposit certificate. These requirements apply *mutatis mutandis* with respect to the rights of Participants to participate in a Shareholders' Meeting.

Erste Group Bank must hold at least one Shareholders' Meeting per year (the ordinary Shareholders' Meeting), which must be held within the first eight months of any financial year and must cover (i) the distribution of the annual profit (provided that the financial statements

show such annual profit) and (ii) the approval of the actions of the Management Board and the Supervisory Board for the preceding financial year.

The chairperson of the Supervisory Board chairs Shareholders' Meetings. If the chairperson is not present, then one of the deputy chairperson presides. Each share entitles its holder to one vote at the Shareholders' Meeting, which may also be exercised by proxy holders. A Shareholders' Meeting has no quorum requirements. All resolutions of the Shareholders' Meeting are passed by a simple majority of the votes cast or, in the event that the majority of the share capital present is required, by a simple majority of the share capital present, unless Austrian law or the Articles of Association require a qualified majority vote. By law the following measures require a majority of at least 75% (which may not be reduced by the Articles of Association) of the share capital present at a Shareholders' Meeting:

- change of the business purpose;
- increase of the share capital with a simultaneous exclusion of subscription rights;
- approval of authorised or conditional capital;
- decrease of the share capital;
- exclusion of subscription rights for convertible bonds, participating bonds, and participation rights;
- dissolution of the company, or continuation if the company has already been dissolved;
- transformation of the company into a limited liability company (*Gesellschaft mit beschränkter Haftung*);
- approval of a merger or a demerger;
- transfer of all of the assets of the company; and
- approval of profit pools or agreements on the operation of the business.

In certain cases, the Articles of Association differ from the statutory majority requirements. For example, the Articles of Association may be amended, provided that the objects of Erste Group Bank are not changed, by a resolution of the Shareholders' Meeting which requires a simple majority of the votes cast and a simple majority of the share capital represented at such Shareholders' Meeting. Furthermore, each provision that stipulates increased majority requirements can only be amended with the same increased majority.

Under certain conditions, such as when a resolution violates the Articles of Association or the Stock Corporation Act, shareholders may petition the Commercial Court (*Handelsgericht*) in Vienna to challenge, or for a decree of nullity of, resolutions adopted by the Shareholders' Meeting.

A shareholder or a group of shareholders with an aggregate shareholding of at least 10% of the share capital of Erste Group Bank may, among other things, request the adjournment of the Shareholders' Meeting if certain line items of the annual financial statements are found to be incorrect by the shareholder(s) requesting the adjournment.

A shareholder or a group of shareholders with an aggregate shareholding of at least 5% of the share capital of Erste Group Bank may, among other things:

- request the convocation of a Shareholders' Meeting or to convene a Shareholders' Meeting upon judicial authorisation, if the Management Board or the Supervisory Board does not comply with the request for a Shareholders' Meeting;
- request the inclusion of items on the agenda of the next Shareholders' Meeting; and
- contest the validity of a resolution of the Shareholders' Meeting, if such resolution provides for amortisation, accumulated depreciation, reserves and accruals exceeding the limits set by law or the Articles of Association.

A shareholder or a group of shareholders with an aggregate shareholding of at least 1% of the share capital is entitled to submit proposals on the resolutions to be adopted at an already announced Shareholders' Meeting to each item of its agenda and request that the proposals, including the reasoning therefore, are made available at Erste Group Bank's web-page.

## Corporate governance

In October 2002, the Austrian Working Group for Corporate Governance, a group of private organisations and individuals, published the Austrian Code of Corporate Governance (as subsequently amended, the "CGC"). The CGC, which was last amended in July 2012, is based on voluntary self-imposed obligations and its requirements are more stringent than the legal requirements for stock corporations. It is designed to establish responsible corporate management and accounting aiming at long-term growth and ensuring a high degree of transparency for all stakeholders—the management board, the supervisory board, shareholders, customers, staff and the public—by regulating the relationships among the stakeholders. The CGC primarily applies to Austrian stock market-listed companies that undertake to adhere to its principles. Its rules are grouped into L-Rules, which contain the mandatory legal requirements, C-Rules, which permit a deviation but need to be explained, and R-Rules, which permit a deviation without requiring an explanation.

Good corporate governance enables effective management control, safeguards shareholder interests and serves as an important tool to build corporate culture. Therefore, the Management Board has taken measures to create an efficient corporate governance system and, in 2003, decided to apply the rules of the CGC.

Currently, Erste Group Bank complies with all "L-Rules" (legal requirements) and "C-Rules" (comply or explain) of the Austrian Corporate Governance Code except for deviations from two C-Rules as explained below:

- *Rule 52a:* The number of members on the supervisory board (without employees' representatives) shall be ten at most. New members of a supervisory board must inform themselves adequately of the organisation and activities of the company as well as of the tasks and responsibilities of the supervisory board members.

*Explanation:* Due to the size of the company, the Supervisory Board of Erste Group Bank AG (excluding employees' representatives) consisted until the 15 of May 2012 of 12 members. The shareholders meeting of Erste Group Bank AG decided on the 15 of May 2012 to reduce the number of supervisory board members to ten. The shareholders' meeting of Erste Group Bank decided on 16 May 2013 to further reduce the number of members of the Supervisory Board from ten to nine.

- *Rule 57:* Supervisory board members serving on the management board of a listed company may not hold more than four positions on supervisory boards (position of chairperson counts double) of stock corporations not belonging to the group. Companies that are *included* in consolidated financial statements or in which the company has an investment with a business interest shall not be considered non-group companies.

*Explanation:* Juan Maria Nin Génova, as a member of the management board of the listed company CaixaBank S.A., holds five supervisory board mandates in group external limited companies. The stock exchange listing of CaixaBank S.A., in which he is acting as a member of the management board, only took place in 2011 after he had taken up his supervisory board mandates.

## Representatives of the supervisory authority

Pursuant to the Banking Act and the Mortgage Bank Act 1899, the Austrian Minister of Finance is required to appoint representatives, who monitor Erste Group Bank's compliance with certain legal requirements. The current representatives are listed below:

Name	Position
Robert Spacek . . . . .	State Commissioner
Dietmar Griebler . . . . .	Vice State Commissioner
Silvia Maca . . . . .	Commissioner for funded bank bonds
Erhard Moser . . . . .	Commissioner for funded bank bonds
Irene Kienzl . . . . .	Trustee for covered bonds and public sector covered bonds (public sector bonds) ( <i>Treuhänder für Pfandbriefe und Kommunalschuldverschreibungen (öffentliche Pfandbriefe)</i> )
Thomas Schimetschek . . . . .	Vice Trustee for covered bonds and public sector bonds

Source: Internal information of Erste Group Bank

Pursuant to the Articles of Association, the State Commissioner and its deputy shall be invited to the Erste Group Bank's Shareholders' Meetings and all meetings of the Supervisory Board and its committees. Furthermore, the State Commissioner or its deputy shall immediately receive all minutes of the meetings of the Supervisory Board. Resolutions of the Supervisory Board and of its committees which are passed outside a meeting shall be simultaneously communicated to the State Commissioner or its deputy who is entitled to raise written objections pursuant to Section 76 (6) Banking Act.



# Shareholder structure and participation programmes

## Shareholder structure

The share capital of Erste Group Bank as of the date of this Prospectus amounts to €789,137,294 and is divided into 394,568,647 no-par value voting bearer shares (ordinary shares), each of which represents a notional value of €2.00 per share in the share capital.

Under Sections 91 *et seq.* Austrian Stock Exchange Act (*Börsegesetz*) (the “Stock Exchange Act”), if natural persons or legal entities, directly or indirectly, acquire or sell shares in a stock corporation whose home member state (*Herkunftsmitgliedstaat*) is Austria and whose shares are admitted to trading on a regulated market (as is the case with Erste Group Bank and its shares, respectively), then these persons or entities are obliged to notify the FMA and the relevant stock exchange as well as the company, whose shares were acquired or sold, within two trading days after the acquisition or disposal of a major shareholding. Such an event is deemed to exist if, as a consequence of the acquisition or disposal, the proportion of the voting rights held reaches, exceeds or falls below 4%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 75% or 90%. The Austrian Stock Exchange Act allows that another threshold of 3% may be determined by the articles of association of the respective company whose shares were acquired or sold, but as no such determination has been made in Erste Group Bank’s Articles of Association, the 3% threshold is not applicable in case of Erste Group Bank. Pursuant to Section 91a Austrian Stock Exchange Act, the above described principles apply accordingly where natural persons or legal entities, directly or indirectly, hold financial instruments or securities as defined under Section 91a Austrian Stock Exchange Act (which include, *inter alia*, cash or physically settled call options and other contracts that allow a person to participate economically in changes of the stock price of the shares of the relevant company). In such a voting rights notification, the shareholder only discloses the number of voting rights held directly by the shareholder or those indirectly attributable to the shareholder at the time of the notification. Shareholders are not obliged to subsequently notify Erste Group Bank of changes in their shareholdings until such time as their shareholding once again reaches, exceeds or falls below a voting rights threshold.

The following list gives an overview of legal entities that, based on such voting rights notifications, directly or indirectly hold voting rights in Erste Group Bank. Changes in the voting rights percentages, however, could remain unknown to Erste Group Bank if they occurred between the applicable voting rights thresholds or the proper reports were omitted. The voting rights percentages can also change even though the number of voting rights held by the respective shareholder remains the same, e.g., due to an increase or decrease of the share capital of Erste Group Bank and the related overall number of voting rights. In light of this, it is possible, and in some cases also probable, that the reports available to Erste Group Bank do not in every case reflect the actual voting rights percentages.

Shareholder	Publication date of voting rights notification by Erste Group Bank	Voting rights in % <sup>(1)</sup>		
		Directly held	Attributable	Total
DIE ERSTE Österreichische Spar-Casse Privatstiftung, Vienna, Austria (Erste Stiftung) . . . . .	28 June 2013 <sup>(2)</sup>	18.52	7.89 <sup>(3)</sup>	26.40 <sup>(4)</sup>
CaixaBank, S.A., Barcelona, Spain . . . . .	24 November 2011	9.98 <sup>(5)</sup>	—	9.98 <sup>(5)</sup>
Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung, Vienna, Austria . . . . .	9 January 2013	4.42	—	4.42

Source: Internal information of Erste Group Bank

(1) The percentage figures are rounded.

(2) Voting rights notification received on 28 June 2013 has not yet been published.

- (3) Voting rights attributable to shares held by Sparkassen Beteiligungs GmbH & Co. KG are attributed to Erste Stiftung pursuant to Section 92 No. 4 Stock Exchange Act, because Erste Stiftung is a limited partner of Sparkassen Beteiligungs GmbH & Co. KG and holds 100% of the share capital in Sparkassen Beteiligungs GmbH, the sole general partner of Sparkassen Beteiligungs GmbH & Co. KG. In addition, voting rights are attributed to Erste Stiftung pursuant to Section 92 No. 4 and 7 Stock Exchange Act in connection with shares in Erste Group Bank held by Austrian savings banks, which act jointly with Erste Stiftung and are associated with Erste Group Bank through the *Haftungsverbund*, establishing a joint early-warning system as well as a cross-guarantee for certain liabilities of the member savings banks (for more information on the *Haftungsverbund*, see “Description of Erste Group’s business—*Haftungsverbund*”). Pursuant to the voting rights notification by Erste Stiftung received on 28 June 2013, the aggregate number of shares in Erste Group Bank held by Austrian savings banks that are subsidiaries of Erste Group Bank pursuant to Section 228(3) UGB in conjunction with Section 224(1) UGB and Austrian savings banks which act jointly with Erste Stiftung and are associated with Erste Group Bank through the *Haftungsverbund* amounted to 15,201,099 as of 28 June 2013.
- (4) Voting rights attributable to Shares held by Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group are attributed to Erste Stiftung pursuant to Section 92 No. 7 Stock Exchange Act as a result of the shareholders’ agreement entered into on 28 June 2013, see “Shareholders’ agreement between Erste Stiftung and Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group.”
- (5) Not taking into account the increases in the share capital of Erste Group Bank implemented after that date and the acquisition by CaixaBank, S.A. of 1,000,000 additional shares in Erste Group Bank AG from Erste Stiftung in 2012.

Erste Stiftung, Erste Group Bank’s largest single shareholder, evolved out of “Verein der Ersten österreichischen Spar-Casse”, the first Austrian savings bank established in 1819. In 1993, it transferred its banking business into a stock corporation with the name “DIE ERSTE österreichische Spar-Casse Bank Aktiengesellschaft”, a legal predecessor of Erste Group Bank, and was subsequently transformed into a private foundation governed by Austrian law. Erste Stiftung is committed to serving the common good and invests a part of the dividends from its shareholdings in other entities (including Erste Group Bank) in the development of societies in Austria and Central and South Eastern Europe, supporting social participation and civil-society engagement.

### **Preferred partnership agreement between Erste Stiftung and CaixaBank, S.A.**

Erste Stiftung and CaixaBank, S.A. (formerly Criteria Caixacorp, S.A.) have entered into the PPA, under which Erste Stiftung granted CaixaBank, S.A. the status of a friendly investor and preferred investment partner. Under the PPA, CaixaBank, S.A. is entitled to nominate one person for election as member of the Supervisory Board by the Shareholders’ Meeting, whose proposal is to be supported in the election by Erste Stiftung. In return, CaixaBank, S.A. agreed to refrain from participating in a hostile takeover bid for shares in Erste Group Bank and granted Erste Stiftung a right of first refusal and option rights with respect to the shares CaixaBank, S.A. holds in Erste Group Bank. Furthermore, Erste Stiftung agreed not to grant rights to third parties that are more favourable than those granted to CaixaBank, S.A., except in limited circumstances. The PPA has been cleared by the Austrian Takeover Commission (*Übernahmekommission*).

### **Shareholders’ agreement between Erste Stiftung and Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group**

Erste Stiftung and Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group (“WSW”), a shareholder of Erste Group Bank, have entered into a shareholders’ agreement (the “Shareholders’ Agreement”), under which WSW undertakes to vote in elections of Supervisory Board members in accordance with the proposals of Erste Stiftung. The Shareholders’ Agreement does not limit the exercise of voting rights in Erste Group Bank by WSW in all other cases. For the term of the Shareholders’ Agreement, WSW and its direct and indirect subsidiaries may not initiate or take part in hostile takeover bids for Erste Group Bank, or cooperate in any other way with bidders in such hostile takeovers.

## Employee share ownership programmes and management share option programmes

### Overview

In the past, Erste Group Bank granted (i) shares to employees, executive employees and members of the management boards of Erste Group Bank or another Erste Group company, respectively, under various ESOPs, and (ii) options on shares in Erste Group Bank to managers and key employees of Erste Group companies, including the members of the Management Board of Erste Group Bank, under various MSOPs.

From 2002 until 2011, the Management Board, with the consent of the Supervisory Board, has resolved to implement an ESOP on an annual basis. Under the ESOPs, employees, executive employees and members of the management boards of Erste Group Bank or another Erste Group company, respectively, were entitled to subscribe for a certain number of shares in Erste Group Bank at a specified discount. No ESOP was implemented in 2012 nor in 2013 until and including the date of this Prospectus. In 2012, the most recent MSOP of Erste Group Bank, the MSOP 2005, under which share options had been issued in several tranches to members of the Management Board and other eligible key employees and managers of Erste Group companies expired. As of the date hereof, Erste Group Bank has no MSOP in place.

Erste Group Bank serviced the rights of the ESOP and the MSOP participants, respectively, through conditional capital increases resolved by the Management Board, based on an authorisation of the Shareholders' Meeting and approved by the Supervisory Board. See *"Description of the share capital and applicable regulations—History of the share capital"* and *"Description of the share capital and applicable regulations—Conditional capital—Conditional Capital I"*.

### Employee share ownership programmes (ESOPs)

Under the terms of the ESOPs annually implemented between 2002 and 2011, each participant was entitled to acquire a certain number of shares in Erste Group Bank at the average share price on the Vienna Stock Exchange during a specified month of the respective year, reduced by a discount of approximately 20% (rounded down to €0.5). The ESOP terms also provided for minimum order sizes (usually ten shares for participants in Austria, and lower or no thresholds for participants in Central and Eastern Europe) and a maximum order size per eligible employee or manager of 200 shares.

In the event of an oversubscription, the number of shares issued to each individual was reduced proportionately. In order to retain the discount on the purchase price, the ESOP participants had to hold the issued shares for a period of one year. Shares purchased under the ESOPs were entitled to dividends for the entire financial year during which they were granted.

The following table gives selected information for the already completed tranches of the ESOPs for 2010 and 2011. No ESOP was implemented in 2012 nor in 2013 until and including the date of this Prospectus.

	ESOP 2011	ESOP 2010
Maximum size of the ESOP . . . . .	2,000,000	2,000,000
Maximum amount of shares per participant . . . . .	200	200
Shares acquired by participants . . . . .	289,663	251,635
Issue price per share (€) . . . . .	28.00	26.50
Quoted price per share (€) . . . . .	33.73	29.59
Value date of purchase . . . . .	26 May 2011	27 May 2010

Source: Internal information of Erste Group Bank.

**Management share option programmes (MSOPs)**

Erste Group Bank introduced MSOPs in 1997, 2002, 2005 and 2008. The MSOP 1997 expired in 2003 and the MSOP 2002 expired in 2009. The MSOP 2008 was prematurely cancelled as a result of the deterioration in share prices that adversely affected the economic rationale of such an incentive scheme. The last remaining MSOP 2005 expired in 2012. No options granted under the MSOP 2005 were exercised in 2010, 2011 or 2012.

## Related party transactions

Erste Group Bank maintains various business relationships with related parties. Pursuant to IAS 24 (2009), two parties are related if one party exercises control or has significant influence over the other party (regarding finance or operating decisions). Related parties under IAS 24 (2009) further include entities with which Erste Group Bank forms a corporate group (meaning that each parent, subsidiary and other affiliate is related to the others), members of the key management personnel of Erste Group Bank (including members of the Management Board and the Supervisory Board) and their respective close family members as well as those entities over which the members of the key management personnel of Erste Group Bank or their close family members are able to exercise a significant influence or in which they hold a significant share of voting rights.

The following legal relationships existed between the companies of Erste Group and related parties in 2010, 2011 and 2012 and in 2013 until and including the date of this Prospectus. In the view of Erste Group Bank, all of them were entered into on customary market terms.

### Transactions with Erste Stiftung

According to its most recent voting rights notification, 26.40% of the shares in Erste Group Bank were attributable to Erste Stiftung as of 28 June 2013. In 2013 until and including the date of this Prospectus, Erste Stiftung received gross dividends of €30.5 million on its shares in Erste Group Bank (in 2012: €0.0 million; and in 2011: €67.0 million). In addition, according to information available to Erste Group Bank, Erste Stiftung held Participation Capital Securities with a nominal amount of €17.0 million as of 31 March 2013 on which Erste Stiftung received gross dividends of €1.4 million in 2013 until and including the date of this Prospectus (in 2012: €1.4 million; and in 2011: €1.4 million). In addition, the members of Erste Group Bank's Supervisory Board Georg Winckler (first deputy chairman) and Friedrich Lackner (delegated by the employees' council) are members of the supervisory board of Erste Stiftung. Bernhard Kainz (delegated by the employees' council of Erste Bank Oesterreich) is also a member of the supervisory board of Erste Stiftung. Moreover, the Articles of Association provide that as long as Erste Stiftung is liable for all present and future liabilities of Erste Group Bank in the case of Erste Group Bank's insolvency pursuant to Section 92 (9) Banking Act, Erste Stiftung has the right to appoint up to one-third of the Shareholders' Representatives in the Supervisory Board. To date, Erste Stiftung has not exercised its appointment right, so that all of the Shareholders' Representatives have been elected by the Shareholders' Meeting.

In addition, Erste Stiftung maintains all of its accounts with Erste Group Bank, which is Erste Stiftung's house bank. As of 31 March 2013 and 31 December 2012, Erste Group Bank had outstanding liabilities/accounts payable to Erste Stiftung in the amount of €154.6 million and €200.7 million (as of 31 December 2011: €120.1 million; and as of 31 December 2010: €290.2 million) and accounts receivable of €72.2 million and €84.2 million (as of 31 December 2011: €87.0 million; and as of 31 December 2010: €276.1 million), respectively. Erste Group Bank also acts as the initial purchaser in bond issuances of Erste Stiftung. Furthermore, standard derivative transactions were in place for hedging purposes between Erste Group Bank and Erste Stiftung in 2010, 2011 and 2012 and as of the date of the Prospectus. These were interest rate swaps with caps in the notional amount of €282.0 million as of 31 March 2013 and €282.0 million as of 31 December 2012 (as of 31 December 2011: €185.0 million; and as of 31 December 2010: €103.0 million) and cross/foreign currency swaps in the notional amount of €9.2 million as of 31 March 2013 and €30.0 million as of 31 December 2012 (as of 31 December 2011: €29.3 million; and as of 31 December 2010: €0.0 million), respectively. In the three-month period ended 31 March 2013, interest income of Erste Group Bank resulting from such derivative transactions amounted to €3.5 million (in 2012: €13.8 million; in 2011: €11.4 million; and in 2010: €18.9 million) while interest expenses amounted to €2.5 million (in 2012: €10.9 million; in 2011: €6.9 million; and in 2010: €2.9 million).

## **Transactions with Erste Stiftung in connection with the Combined Offering**

In order to facilitate the Combined Offering, Erste Stiftung has entered into an agreement with J.P. Morgan and Morgan Stanley granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price. Erste Group Bank will not receive any proceeds from the sale of such shares, if the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) exercise the option. Pursuant to a related agreement between Erste Group Bank and Erste Stiftung, Erste Group Bank agreed to pay Erste Stiftung a commitment fee in the amount of €3.3 million as consideration for the option granted by Erste Stiftung to the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank). Based on the most recent voting rights notification of Erste Stiftung and assuming that (i) 32,179,425 New Shares will be issued in the Combined Offering (assuming the issue of New Shares at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013 and targeted gross proceeds of the Combined Offering of approximately €660 million) and (ii) Erste Stiftung, Sparkassen Beteiligungs GmbH & Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks will, to the extent previously waived, not exercise their Subscription Rights, 24.41% of the voting rights in Erste Group Bank will be attributable to Erste Stiftung following the completion of the Combined Offering (not taking into account the subscription of New Shares in the Subscription Offering by shareholders whose shares would be attributed to Erste Stiftung. If the aforementioned option right is exercised in part or in full by J.P. Morgan and Morgan Stanley, the percentage of the voting rights in Erste Group Bank attributable to Erste Stiftung would further decrease.

## **Transactions with CaixaBank, S.A.**

According to its most recent voting rights notification, 9.98% of the shares in Erste Group Bank were held by CaixaBank, S.A. as of 23 November 2011 (not taking into account the increases in the share capital of Erste Group Bank implemented after that date and the acquisition by CaixaBank, S.A. of 1,000,000 additional shares in Erste Group Bank AG from Erste Stiftung in 2012). In 2013 until and including the date of this Prospectus, CaixaBank, S.A. received gross dividends of €15.7 million on its shares in Erste Group Bank (in 2012: €0.0 million; and in 2011: €26.7 million). In addition, according to information available to Erste Group Bank, CaixaBank, S.A. held Participation Capital Securities with a nominal amount of €15.0 million as of 31 March 2013 on which CaixaBank, S.A. received gross dividends of €1.2 million in 2013 until and including the date of this Prospectus (in 2012: €1.2 million; and in 2011: €1.2 million). Furthermore, Juan Maria Nin Génova, who is member of the Supervisory Board, is deputy chairman and CEO of CaixaBank, S.A.

On 4 June 2009, Erste Group Bank, Erste Stiftung, CaixaBank, S.A. (formerly Criteria CaixaCorp, S.A.) and Caja de Ahorros y Pensiones de Barcelona entered into a cooperation agreement. This cooperation agreement establishes a framework for a non-exclusive business cooperation among Erste Group Bank, Caja de Ahorros y Pensiones de Barcelona and CaixaBank, S.A. Pursuant to the cooperation agreement, CaixaBank, S.A., under certain circumstances, has the priority right to participate in the acquisition of financial service providers and banks in the CEE and CIS states by Erste Group Bank if it desires a co-investor for such an acquisition.

## **Transactions with Management Board members and Supervisory Board members**

### **Loans to Management Board members and Supervisory Board members and their relatives**

In the ordinary course of its business, Erste Group Bank granted various loans to members of the Management Board and the Supervisory Board as well as to some of their respective



relatives. In addition, many of the members of the Management Board and the Supervisory Board as well as some of their respective relatives have accounts and other customer relationships with one or more of the banks in Erste Group. As of 31 March 2013, loans and advances to members of the Management Board totalled €1,875 thousand (as of 31 December 2012: €2,336 thousand; as of 31 December 2011: €2,766 thousand; and as of 31 December 2010: €166 thousand). As of 31 March 2013, loans and advances to persons related to members of the Management Board totalled €14 thousand (as of 31 December 2012: €10 thousand; as of 31 December 2011: €20 thousand; and as of 31 December 2010: €26 thousand). As of 31 March 2013, loans to members of the Supervisory Board totalled €222 thousand (as of 31 December 2012: €189 thousand; as of 31 December 2011: €228 thousand; and as of 31 December 2010: €251 thousand). As of 31 March 2013, loans and advances to persons related to members of the Supervisory Board totalled €307 thousand (as of 31 December 2012: €310 thousand; as of 31 December 2011: €14 thousand; and as of 31 December 2010: €11 thousand).

#### **Consulting services rendered by PricewaterhouseCoopers Austria**

Until 30 June 2013, the chairman of the Supervisory Board, Friedrich Rödler, was a member of the management board of PwC Austria Holding AG Wirtschaftsprüfungsgesellschaft, Vienna, Austria, the holding company of a group of companies offering auditing and management consulting services. In the financial years 2010, 2011 and 2012, and the three month-period ended 31 March 2013, various subsidiaries of PwC Austria Holding AG Wirtschaftsprüfungsgesellschaft rendered consulting services to Erste Group. The amounts invoiced to Erste Group Bank for such services were €320 thousand in the three month-period ended 31 March 2013, €501 thousand in 2012, €142 thousand in 2011 and €55 thousand in 2010.

#### **Legal services rendered by DORDA BRUGGER JORDIS Rechtsanwälte GmbH**

The second deputy chairwoman of the Supervisory Board, Theresa Jordis, is a partner of the law firm DORDA BRUGGER JORDIS Rechtsanwälte GmbH, Vienna, Austria. In the financial years 2010, 2011 and 2012, and the three month-period ended 31 March 2013, DORDA BRUGGER JORDIS Rechtsanwälte GmbH rendered legal services to Erste Group Bank. The amounts invoiced to Erste Group Bank by DORDA BRUGGER JORDIS Rechtsanwälte GmbH for their services were €63 thousand in the three month-period ended 31 March 2013, €236 thousand in 2012, €156 thousand in 2011 and €349 thousand in 2010.

#### **Employee share ownership programmes and management share option programmes**

As an (additional) compensation for their services, Erste Group Bank grants (i) shares to employees and management members of Erste Group companies under employee share ownership programmes (ESOPs), and (ii) options on shares in Erste Group Bank to managers of Erste Group companies under management share option programmes (MSOPs). For further details, see *"Shareholder structure and participation programmes—Employee share ownership programmes and management share option programmes"*.

# Risk management

## Risk policy and strategy

It is a core function of every bank to take risks in a conscious and selective manner and to professionally manage such risks. In addition to meeting the internal goal of effective and efficient risk management, Erste Group's control and risk management systems have been developed to fulfil external and, in particular, regulatory requirements. Erste Group's proactive risk policy and strategy aims to achieve an optimal balance of risk and return in order to achieve a sustainable, high return on equity.

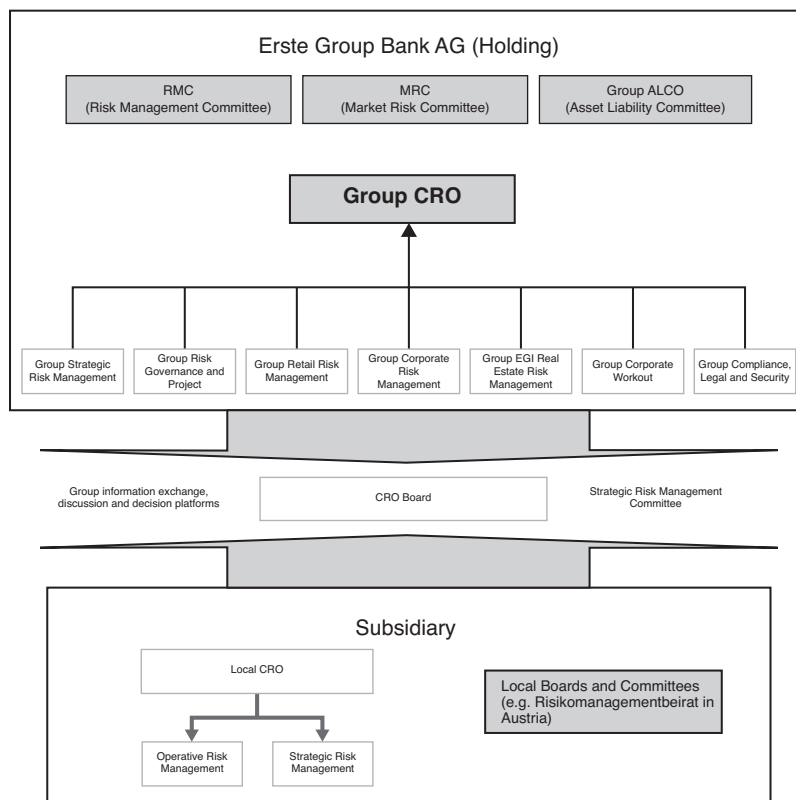
Erste Group uses a control and risk management system that is proactive and tailored to its business and risk profile. It is based on a clear risk strategy that is consistent with the Group's business strategy and focused on early identification and management of risks and trends. In addition to meeting the internal goal of effective and efficient risk management, Erste Group's control and risk management systems have been developed to fulfil external and, in particular, regulatory requirements.

Given Erste Group's business strategy, the key risks for Erste Group are credit risk, market risk and operational risk. Erste Group also focuses on managing liquidity, concentration and macroeconomic risks. In addition, Erste Group's control and risk management framework takes into account the range of other significant risks faced by the banking group. These systems may prove to be insufficient or even fail. See *"Risk Factors—Risks related to the business of Erste Group—Erste Group's risk management strategies and internal control procedures may leave it exposed to unidentified or unanticipated risks"*.

The year 2012 was dominated by preparations for Basel 3 and its impacts. Another point of emphasis was on improving and up-grading the risk-bearing capacity calculation, in particular on reviewing the economic capital calculation and the coverage potential for the risk-bearing capacity calculation not only at the group level but also at the subsidiary level. A focus was on continuously incorporating more risk-sensitive measures.

## Risk management organisation

Risk monitoring and control is achieved through a clear organisational structure with defined roles and responsibilities, delegated authorities, and risk limits. The following diagram presents an overview of Erste Group's risk management and control governance and responsibility.



Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

### Overview of risk management structure

The management board, and in particular Erste Group’s chief risk officer (“Group CRO”), must perform its supervisory function within Erste Group’s risk management structure. Risk control and management functions within Erste Group are performed based on the business and risk strategies approved by the management board and contained in the strategic risk framework. Erste Group’s CRO, working together with the chief risk officers of the subsidiaries, is responsible for implementation of and adherence to the risk control and risk management strategies across all risk types and business lines. While the management board and, in particular, Erste Group’s CRO ensure the availability of appropriate infrastructure and staff as well as methods, standards and processes, the actual identification, measurement, assessment, approval, monitoring, steering, and limit-setting for the relevant risks are performed at the operating entity level within Erste Group. At the group level, the management board is supported by several divisions established to perform operational risk control functions and exercise strategic management responsibilities:

- Group Strategic Risk Management,
- Group Risk Governance and Projects,
- Group Corporate Risk Management,
- Group EGI Real Estate Risk Management,
- Group Retail Risk Management,
- Group Corporate Workout, and
- Group Compliance, Legal and Security.

### Group Strategic Risk Management

Group Strategic Risk Management, which exercises the risk control function, is responsible for the provision of adequate risk measurement methodologies and tools as well as an appropriate risk policy and control framework. The Group Strategic Risk Management unit performs the

function of the central and independent risk control unit required by Section 39 (2) Austrian Banking Act. One objective of the Group Strategic Risk Management, a unit that is independent from the business units, is to ensure that all risks measured or taken are within the limits approved by the management board. The division is comprised of the following departments: Group Credit Risk Methods and Reporting, Group Enterprise-wide Risk Management, Group Market and Liquidity Risk Management and Group Operational Risk Control. Group Credit Risk Methods and Reporting is responsible for credit risk methods and rating models as well as group-wide credit risk reporting. Group Enterprise-wide Risk Management is in charge of the essential elements of the risk management framework, Erste Group's risk policy principles and the group data pool. The group-wide daily calculation, analysis and reporting of market and liquidity risks is provided by the department Group Market and Liquidity Risk Management. Group Operational Risk Control is responsible for the modelling, managing and reporting of operational risks.

#### ***Group Risk Governance and Projects***

Group Risk Governance and Projects was introduced in 2012 to ensure central management and oversight within risk management on key topics such as risk IT (risk project portfolio), risk policy framework, risk reporting framework and change management in the risk area. Key tasks are the oversight and control of the group-wide CRO division project portfolio, the role as interface to One IT, Erste Group's IT subsidiary, and the constant improvement of risk IT. Furthermore, the division is responsible for the group-wide risk policy framework, the development of a group-wide integrated risk reporting framework and change management in those divisions which are reporting to the CRO.

#### ***Group Corporate Risk Management***

Group Corporate Risk Management is responsible for the credit risk management of Erste Group's corporate business (GCIB). It is responsible for the verification, recommendation and approval of all credit risks of Erste Group Bank AG as a holding company. Group Corporate Risk Management monitors credit risk management for the GCIB segment as well as all credit applications for which the amount exceeds the approval limits granted to the respective subsidiary. This unit covers country risks, sovereigns, other credit institutions, securitisations, large corporates, and real estate risks. Group Corporate Risk Management provides specific credit risk reports on Erste Group Bank AG's centrally managed portfolios. It is in charge of process development for credit risk management and the implementation of group standards for these exposure classes. It monitors compliance with relevant credit risk limits.

#### ***Group EGI Real Estate Risk Management***

Group EGI Real Estate Risk Management was implemented in the course of 2012. The division performs the function of operative risk management for the divisionalised real estate business. In this function the division is responsible for the formal and material assessment, recommendation and approval of all credit risks in the real estate business that Erste Group Bank is taking. Furthermore, this organisational unit is responsible for managing credit risk in Erste Group Immorent AG (EGI) and for all credit applications with exposures exceeding the authority levels granted to the respective subsidiaries. The division is structuring and steering the respective alignment and decision processes. Furthermore, in close cooperation with EGI as the defined competence centre for real estate business within Erste Group, business and risk policies are prepared and implemented as the basis for business activities and reporting. Additionally, tools and systems for project analyses and valuation are developed in order to standardise the assessment of transactions and risks.

#### ***Group Retail Risk Management***

Group Retail Risk Management is responsible for monitoring and steering the Group's retail lending portfolio and defining the retail risk management lending framework. It provides an analytical framework to monitor local banks' retail loan portfolios and supplies timely and actionable information for senior management decisions. In addition, the unit ensures

knowledge transfer across Erste Group entities. The local chief risk officers and the local retail risk heads assume primary responsibility for credit risk management of retail loan portfolios of their respective local banks and for managing the risk—reward trade-off of their business. In line with Group Retail Risk Management policies, local credit policy rules are defined locally in every bank while respecting the local regulatory and business environment.

### ***Group Corporate Workout***

Group Corporate Workout is responsible for managing problematic corporate clients of the Group Corporate and Investment Banking (“GCIB”) segment as well as of the local corporate segment where the exposure exceeds the authority of the management board of the respective subsidiary. This task includes the operative restructuring as well as workout function for exposures booked in Erste Group Bank and the risk management function for all substandard and non-performing clients in the other local SME segments where the exposure exceeds the authority of the management board of the respective subsidiary. An important task in this regard includes setting group-wide standards and policies for managing problematic corporate clients. Additionally, this area organises expert training programmes as well as workshops to ensure knowledge transfer across Erste Group entities. Another important task of the division is its responsibility for group-wide collateral management. This includes establishing standards for collateral management, the framework for a group collateral catalogue, and principles for collateral evaluation and revaluation.

### ***Group Compliance, Legal and Security***

Since 1 February 2012, the functions Compliance, Legal and Security Management have been consolidated in the division Group Compliance, Legal and Security. In essence, the division consists of the three departments: Group Compliance, Group Legal and Group Security Management. Their tasks are as follows:

#### ***Group Compliance***

Group Compliance includes the departments Central Compliance, Securities Compliance, Anti-Money Laundering (AML) Compliance and Fraud Management and it is accountable to address compliance risks. Compliance risks are those of legal or regulatory sanctions, material financial loss, or loss of reputation which Erste Group might suffer as a result of failure to comply with laws, regulations, rules and standards.

#### ***Group Legal***

Group Legal, with its two units “Legal Corporate” and “Legal Market”, functions as the central legal department of Erste Group Bank, mitigates legal risk by providing legal support and counsel for the business and centre functions, and it attends to dispute resolution and litigation. Group Legal has a group-wide focus on legal risk management and reporting aimed at identifying and then minimising, limiting or avoiding legal risk. Legal support for the business of the banking subsidiaries in those jurisdictions in which they operate is performed at the local level.

#### ***Group Security Management***

Group Security Management is in charge of the strategy, the definition of security standards, quality assurances and monitoring as well as the further development of issues of relevance for security at Erste Group.

In addition to the risk management activities performed at the Erste Group Bank level in its special role as a holding company, each subsidiary also has a risk control and management unit, the responsibilities of which are tailored to the applicable local requirements. Each subsidiary’s risk control and management unit is headed by the respective entity’s chief risk officer.

### ***Group coordination of risk management activities***

The management board addresses risk issues in its regular board meetings. All types of risks are reported to the management board and actions are taken by it when needed. In addition, the management board addresses current risk issues and receives ad-hoc reports on all types of risk through internal risk reporting.

With the purpose of carrying out risk management activities within Erste Group, certain committees have been established, including the following:

- Risk Management Committee,
- CRO Board,
- Strategic Risk Management Committee,
- Group Asset/Liability Committee (“Group ALCO”),
- Group Operational Liquidity Committee (“Group OLC”),
- Market Risk Committee (MRC), and
- Group Operational Risk Committee (GORCO).

The Risk Management Committee is responsible for granting approval in all those cases in which loans and exposures or large exposures reach an amount exceeding the approval authority of the management board according to the approval authority regulation. It is charged with granting approval to exposures or large exposures pursuant to Section 27 Austrian Banking Act, if such an investment in credit institutions exceeds 10% of the entity’s own funds or if the investment amounts to at least 10% of the consolidated banking group’s own funds. Within the competence assigned to it, the committee may grant advance approvals to the extent permitted by law. In addition, it is responsible for supervising the risk management of Erste Group Bank AG. The Risk Management Committee meets regularly. As the central risk control body, the Risk Management Committee is regularly briefed on the risk status across all risk types.

The CRO Board and the Strategic Risk Management Committee are responsible for consistent co-ordination and implementation of risk management activities within Erste Group, including the *Haftungsverbund*. The CRO Board is made up of Erste Group’s CRO and the chief risk officers of Erste Group’s subsidiaries. Chaired by Erste Group’s CRO, the CRO Board has responsibility for group-wide co-ordination of risk management and for ensuring uniformity of risk management standards across Erste Group. The Strategic Risk Management Committee, which comprises the division heads of the strategic risk management department at each subsidiary, provides support to the CRO Board in decision-making on current risk-related topics.

Erste Group has established committees at the holding level that are specifically responsible for monitoring and managing market and liquidity risk:

Group ALCO manages the consolidated group balance sheet, focusing on consolidated balance sheet risks (interest rate, exchange rate, and liquidity risks) as well as Erste Group Bank’s profit and loss account by performing management actions on the holding’s balance sheet, and sets group standards and limits for Erste Group members. Additionally, it approves policies and strategies for controlling liquidity risk, interest rate risk (net interest income) and capital management of the banking book as well as examining proposals, statements and opinions of ALM, risk management, controlling and accounting functions. The approved investment strategy is within the guidelines agreed with Risk Management.

The Group Operational Liquidity Committee (“Group OLC”) is responsible for day-to-day management of the global liquidity position of Erste Group. It analyses the liquidity situation of Erste Group on a regular basis and reports directly to the Group Asset/Liability Committee (“Group ALCO”). It also proposes measures to the Group ALCO within the scope of the management policies and principles laid down in the Liquidity Risk Management Rule Book.



Furthermore, members of the Group OLC are points of contact for other departments or Erste Group members for liquidity-related matters. Each local bank has its own local operational liquidity committee.

The Market Risk Committee (“MRC”) is the main steering body for all risks related to capital market trading operations in Erste Group. The MRC meets quarterly, approves group-wide market risk limits and monitors the current market situation. The members of the MRC are Erste Group’s CRO, the board member responsible for Group Capital Markets, the Head of Group Capital Markets, the Head of Group Strategic Risk Management, and the Head of Group Market and Liquidity Risk Management.

The objectives of the Group Operational Risk Committee (GORCO) are to reduce operational risk at group level through decisions on risk mitigation measures, monitor these risks, and handle substantial operational risks within the Group. GORCO has the authority to decide on risk mitigation measures at the group level and consists of the following permanent members: Group CRO, the heads of Group Strategic Risk Management and Group Compliance, Legal and Security, as well as the Head of Group Operational Risk. In an advisory function, the Head of Group Audit is also a permanent member.

In addition, committees are established at the local level, such as the *Risikomanagementbeirat* in Austria. It implements a common risk approach within the Austrian members of Erste Group (i.e., Erste Bank Oesterreich and the Savings Banks).

As a result of the principle of segregating risk origination and risk control, risk control functions are exercised independently of the front office functions at every level of the risk management structure of Erste Group, in particular market and credit risks. Local operative risk control divisions carry out this control function.

## **Current topics**

### **Current regulatory topics**

#### ***Activities in the context of changes in regulatory requirements***

Since 2010, Erste Group has been scrutinising the impacts of the planned regulatory changes commonly known as Basel 3. The Group has established a group-wide Basel 3 programme, which ensures that all requirements arising from the Capital Requirements Directive IV (CRD IV) and from related national and international regulations are implemented in complete and timely manner across the entire Group. The programme includes a stream covering capital requirements, changes in risk-weighted asset (RWA) calculations, counterparty credit risk (CCR), and the new capital charge for credit value adjustments (CVA). Further streams focus on new legal requirements for regulatory capital, new disclosure requirements, the new liquidity rules, the planned introduction of a leverage ratio as well as transitional provisions up to 31 December 2022, based on definitions within the CRD IV.

Due to the established programme structure, Erste Group has an integrated view on all requirements arising from Basel 3. Furthermore, a close alignment is being undertaken with programmes focusing on other internal or regulatory requirements in the areas of risk and accounting, such as the IFRS 9 project.

Regarding changes in risk-weighted assets according to Basel 3, Erste Group has actively participated since 2010 in the semi-annual Quantitative Impact Study (QIS) which is co-ordinated by Austrian and European regulatory authorities. In the future, Erste Group will also participate in the quarterly exercises. The bank has completed several calculations to evaluate the impact of the new accord on its risk-weighted assets, both within and beyond the scope of the QIS exercises.

Erste Group also calculated the Basel 3 compliant liquidity ratios which will also be collected within the scope of the planned exercises. The Group has made several calculations to assess

the status of the entities with regards to these ratios, and the necessary preparation for the future regulatory reporting is currently underway.

Regulatory changes for the internal model approach to market risk according to the Capital Requirements Directive III (CRD III) became effective for Erste Group at year-end 2011. The inclusion of stressed value-at-risk (VaR) and event risk (for equity-related risks) into the internal model was developed and received approval from regulators after a successful audit by the Austrian regulator in the fourth quarter of 2011.

#### ***Capital requirements demand for systemically relevant European banking groups***

In the context of the ongoing sovereign debt crisis the European Banking Authority (EBA) evaluated the capital requirements of systemically relevant banking groups across the European Union. EBA then defined a minimum core tier-1 ratio of 9% (according to EBA definition) to be fulfilled by 30 June 2012. Based on the calculation methodology defined by EBA, Erste Group had achieved a 9.9% core tier-1 ratio as of 30 June 2012. EBA published the result of this exercise on 3 October 2012.

EBA will continue its monitoring of the regulatory capital situation of European banking groups. After final implementation of the new capital requirements directive, CRD IV, European banking groups will need to comply with further requirements, notably in respect of additional minimum requirements for Common Equity Tier-1 (CET-1). Future EBA exercises will then be adopted in light of the new and stricter capital and risk specifications.

#### ***Changes in the calculation of regulatory capital ratios within first quarter 2013***

In September 2012, Erste Group officially informed the Austrian regulatory authorities concerning the change of the valuation method, that is used as the basis for calculating regulatory capital ratios. From 31 March 2013 the consolidated regulatory capital (own funds) and the consolidated regulatory capital requirements of Erste Group are calculated based on IFRS. In addition to the legal requirements applied so far in determining the regulatory capital and the regulatory capital requirement, the regulations defined in article 29a Austrian Banking Act take effect in regard to the application of IFRS. The switch to IFRS had no material impact on the regulatory capital ratios of Erste Group.

#### ***Capital Requirements Directive IV***

The new Capital Requirements Directive IV (CRD IV) did not come into force as planned on 1 January 2013. On 16 April 2013, the European Parliament adopted the new capital and liquidity requirements for the implementation of Basel 3 in the European Union. The entry into force of the respective requirements which are defined in the CRD IV and the Capital Requirements Regulation (CRR) is planned for 1 January 2014.

#### ***Current economic topics***

The tables below illustrate that Erste Group's net exposure to European countries which are particularly affected by the sovereign debt crisis was further reduced in the course of the financial year ended 31 December 2012 and remained largely stable in the first quarter of 2013. The net exposure to Greece, Ireland, Italy, Portugal and Spain decreased from €3.1 billion at year-end 2011 to roughly €1.9 billion as of 31 December 2012 and remained at that level as of 31 March 2013. Since 31 December 2011, the exposure to Italy was reduced by more than one-third, or €694 million, compared to 31 December 2012 and subsequently increased by €46 million during the first quarter of 2013. The exposure to Spain was decreased by €217 million in the year 2012 and further decreased by €12.5 million during the first quarter of 2013. The net exposure to sovereign obligors in Greece and Portugal was eliminated almost completely and continued to be marginal throughout the first quarter of 2013. There were no new investments into bonds of sovereign issuers in the aforementioned countries during 2012. As of 31 March 2013, Erste Group had an exposure of €60 million to corporate obligors based in Cyprus. There is no related payment risk, however, as all repayments originate from outside Cyprus. There exists neither sovereign nor bank exposure to Cyprus. As of 31 March 2013 and

31 December 2012, Erste Group exhibited a net exposure of €275 million and €333 million to the Slovenian sovereign and €8.8 million and €21 million to Slovenian banks. In total, Erste Group reduced its net exposure to Slovenia by €94 million between 31 December 2011 and 31 December 2012 and a further €70 million during the first quarter of 2013.

The following tables show the net exposure to sovereigns and institutions in selected European countries as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively. The net exposure includes all on- and off-balance-sheet positions after counterparty netting and risk transfer to guarantors. Derivatives are netted (ISDA Master Agreement with netting agreement) and collateral for derivatives reduces the exposure, provided that respective contracts are in force (Credit Support Annex to ISDA Master Agreement). In the case of repo transactions, the book value of the securities sold under repurchase agreements is recognised as exposure to the issuer. Moreover, an exposure of the counterparty amounting to the difference between the funds received and a potentially higher market value of the securities sold plus a percentage of the nominal value is considered in order to take into account price fluctuations. In the case of reverse repurchase agreements, the respective counterparty risk is considered as for repurchase agreements (the difference between the funds placed and a potentially lower market value of the securities purchased plus a percentage of the nominal value in order to take into account price fluctuations), but the issuer risk is not considered. The net exposure represents the net risk view. It differs from the credit risk exposure, which is treated in the 'Credit risk' chapter, primarily by applying the risk transfer to guarantors, by the deduction of collateral and by taking netting agreements into consideration. Therefore, the two are not comparable. The sovereign net exposure includes central banks, central governments and institutions which are explicitly guaranteed by a central government.

#### Net exposure to selected European countries

Total	Sovereign		Banks		Other <sup>(1)</sup>		Total	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012	31 March 2013	31 December 2012
in € million								
Greece	0	0	0	0	2	5	2	5
Ireland	78	74	38	29	42	36	158	139
Italy	104	100	464	411	645	656	1,213	1,167
Portugal	5	3	46	48	10	10	60	61
Spain	13	13	229	249	260	253	502	515
<b>Total</b>	<b>199</b>	<b>190</b>	<b>776</b>	<b>737</b>	<b>959</b>	<b>960</b>	<b>1,934</b>	<b>1,887</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

(1) "Other" includes securitisations and claims against corporates.

Total	Sovereigns			Banks			Other <sup>(1)</sup>			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
in € million												
Greece	0	4	602	0	58	172	5	8	8	5	70	782
Ireland	74	47	89	29	204	252	36	78	82	139	329	423
Italy	100	473	1,076	411	807	1,165	656	582	1,082	1,167	1,861	3,323
Portugal	3	6	235	48	94	281	10	13	14	61	113	529
Spain	13	24	114	249	282	735	253	426	384	515	732	1,232
<b>Total</b>	<b>190</b>	<b>553</b>	<b>2,115</b>	<b>737</b>	<b>1,445</b>	<b>2,604</b>	<b>960</b>	<b>1,106</b>	<b>1,569</b>	<b>1,887</b>	<b>3,105</b>	<b>6,289</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) "Other" is composed of securitisations and receivables from non-banking corporations.

Sovereign	Fair value		Available for sale		At amortised cost			Total	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012	As of			31 March 2013	31 December 2012
in € million									
Greece	0	0	0	0	0	0	0	0	0
Ireland	0	0	63	59	15	15	78	74	74
Italy	(11)	(11)	110	100	0	0	104	100	100
Portugal	(9)	(16)	5	3	0	0	5	3	3
Spain	(23)	(22)	13	11	2	2	13	13	13
<b>Total</b>	<b>(43)</b>	<b>(49)</b>	<b>191</b>	<b>173</b>	<b>16</b>	<b>17</b>	<b>199</b>	<b>190</b>	<b>190</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

Sovereigns	Fair value			Available for sale			At amortised cost			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
in € million												
Greece	0	(9)	457	0	10	78	0	3	68	0	4	602
Ireland	0	0	60	59	32	25	15	15	4	74	47	89
Italy	(11)	400	907	100	71	149	0	2	20	100	473	1,076
Portugal	(16)	0	168	3	6	11	0	0	56	3	6	235
Spain	(22)	(27)	35	11	39	52	2	12	28	13	24	114
<b>Total</b>	<b>(49)</b>	<b>364</b>	<b>1,627</b>	<b>173</b>	<b>157</b>	<b>314</b>	<b>17</b>	<b>32</b>	<b>174</b>	<b>190</b>	<b>553</b>	<b>2,115</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

Most of the short positions relating to sovereigns in Italy, Portugal and Spain as of 31 March 2013 either mature before the corresponding long positions or are booked in a different legal entity. Therefore, these positions are not offset in the exposure figures above. If these were considered in the calculations, total exposure would accordingly be lower. The short positions with a market value of negative €43.3 million as of 31 March 2013 originate from CDS transactions and are stated in the fair value section in the table above.

Bank	Fair Value		Available for Sale		At amortised cost			Total	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012	As of			31 March 2013	31 December 2012
in € million									
Greece	0	0	0	0	0	0	0	0	0
Ireland	30	16	4	5	3	8	38	29	29
Italy	46	44	149	149	268	218	464	411	411
Portugal	(2)	2	17	16	30	30	46	48	48
Spain	42	69	27	34	161	146	229	249	249
<b>Total</b>	<b>116</b>	<b>131</b>	<b>198</b>	<b>204</b>	<b>462</b>	<b>402</b>	<b>776</b>	<b>737</b>	<b>737</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

Banks	Fair value			Available for sale			At amortised cost			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
in € million												
Greece	0	0	0	0	0	0	0	58	172	0	58	172
Ireland	16	99	142	5	92	90	8	13	20	29	204	252
Italy	44	234	323	149	181	153	218	393	689	411	807	1,165
Portugal	2	9	72	16	30	56	30	55	152	48	94	281
Spain	69	62	341	34	65	164	146	156	230	249	282	735
<b>Total</b>	<b>131</b>	<b>404</b>	<b>877</b>	<b>204</b>	<b>367</b>	<b>463</b>	<b>402</b>	<b>674</b>	<b>1,263</b>	<b>737</b>	<b>1,445</b>	<b>2,604</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010.

The following table shows the net exposure to sovereigns and banks in Erste Group's core market as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively:

### Net exposure to sovereigns and banks in the core market

in € million	Sovereigns				Banks				Total			
	As of 31 March	As of 31 December			As of 31 March	As of 31 December			As of 31 March	As of 31 December		
	2013 unaudited	2012	2011	2010	2013 unaudited	2012	2011	2010	2013 unaudited	2012	2011	2010
		audited, unless indicated otherwise				audited, unless indicated otherwise				audited, unless indicated otherwise		
Austria . . . . .	10,105	13,292	9,797	7,424	1,516	1,802	1,838	2,825	11,621	15,094	11,635	10,249
Croatia . . . . .	2,497	2,133	2,363	1,961	9	11	75	94	2,506	2,144	2,437	2,055
Romania . . . . .	5,812	5,443	5,709	5,223	41	29	73	72	5,853	5,472	5,782	5,295
Serbia . . . . .	192	180	115	159	0	5	0	3	192	185	116	162
Slovakia . . . . .	6,336	6,170	4,838	4,084	164	149	194	181	6,500	6,319	5,032	4,265
Slovenia . . . . .	256	333	374	287	9	21	75	259	265	354	448	546
Czech Republic . . . . .	11,678	11,916	9,438	5,240	601	526	906	966	12,279	12,442	10,344	6,206
Hungary . . . . .	3,411	3,884	3,217	2,792	6	2	33	102	3,417	3,886	3,250	2,894
<b>Total . . . . .</b>	<b>40,287</b>	<b>43,351</b>	<b>35,851</b>	<b>27,170<sup>(1)</sup></b>	<b>2,345</b>	<b>2,545</b>	<b>3,194</b>	<b>4,502<sup>(1)</sup></b>	<b>42,632</b>	<b>45,896</b>	<b>39,045</b>	<b>31,672<sup>(1)</sup></b>

Source: For net exposure as of 31 December 2012 and 2011 audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011, for net exposure as of 31 December 2010 audited consolidated financial statements for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010 and for net exposure as of 31 March 2013 internal information of Erste Group Bank.

(1) Unaudited

## Group-wide risk and capital management

### Overview

In light of turbulence in the financial markets over the past years, among other reasons, Erste Group has worked to continuously strengthen its risk management framework. In particular, Group Strategic Risk Management and its Enterprise-wide Risk Management ("ERM") have been developed into a comprehensive framework. This includes, as its fundamental pillar, the Internal Capital Adequacy Assessment Process ("ICAAP"), as required under Pillar 2 of the Basel framework.

The ERM framework is designed to support the bank's management in managing the risk portfolios as well as the coverage potential in order to ensure, at all times, adequate capital reflecting the nature and magnitude of the bank's risk profile. ERM is tailored to Erste Group's business and risk profile, and it reflects the strategic goal of protecting shareholders and senior debt holders while ensuring sustainability of the organisation.

ERM is a modular and comprehensive management and steering system within Erste Group, and it is integral to the bank's and Group's overall steering and management system. The components necessary to ensure all aspects of ERM include:

- Risk Appetite Statement;
- Portfolio & Risk Analytics, including
  - Risk Materiality Assessment;
  - Concentration Risk Management; and
  - Stress Testing;
- Risk-bearing Capacity Calculation;
- Risk Planning & Forecasting, including
  - RWA Management; and
  - Capital Allocation; as well as
- Emergency Response Plan.

In addition to ICAAP's ultimate goal of assuring capital adequacy and sustainability at all times, the ERM components serve to support the bank's management in pursuing its strategy.

### **Risk Appetite Statement**

The Risk Appetite Statement ("RAS") is a high-level strategic statement and forms an integral part of Erste Group's business and risk strategy. It also serves as a formalised, high-level steering tool from which top-down targets for the bank's limit system on lower aggregation levels can be derived.

The objective of Erste Group's Risk Appetite Statement is to contain earnings volatility, avoid net losses, ensure a stable target rating for Erste Group (including all associated aspects, e.g., funding costs) and protect external and internal stakeholders.

In order to reach those goals, general indicators are defined as well as indicators for credit, market and liquidity risk. To ensure that the RAS is operationally efficient, the indicators are classified as either limits, targets or principles, where the main differences will be in the mechanisms triggered in case of a breach of the RAS during the year.

Exceeding a limit will typically trigger immediate management action. Counterbalancing measures must be taken to close the limit breach as soon as possible. Targets are in general derived as part of the planning process, where the final budget is aligned with the targets set. A significant deviation from a target usually will trigger management action and a 'cure' plan for the next twelve months must be formulated. Principles are the equivalent to a qualitative strategic statement/directive and are monitored ex ante and operationalized (e.g., via guidelines and policies).

The Risk Appetite Statement is part of the yearly planning process. The indicators of the RAS are regularly monitored and reported to the management.

In 2012, additional risk indicators were introduced in RAS to cover more risk types. Tighter limits and targets were defined, which serve, in particular, in managing the economic capital. Furthermore, the strategic pillars were revised in order to optimise the capital allocation.

### **Portfolio and risk analytics**

For the purpose of adequately managing Erste Group's risk portfolios according to the strategy, risks are systematically analysed within the scope of portfolio and risk analytics. Therefore, Erste Group has developed adequate infrastructure, systems and processes with which extensive analyses are ensured. Risks are quantified, qualified and discussed in a consistent management process in order to decide on appropriate measures on a timely basis.

### ***Risk materiality assessment***

For the purpose of systematically and continuously assessing all relevant risk types and identifying risks which are significant for Erste Group, Erste Group has defined a clear and structured risk materiality assessment approach which is based on defined quantitative and qualitative factors for each risk type and is carried out annually.

This process constitutes the basis for the determination of material risk types to be included into the Risk-bearing Capacity Calculation. Insights generated by the assessment are also used to improve risk management practices per se to further mitigate risks within Erste Group but also as an input for the design and definition of Erste Group's Risk Appetite Statement. Furthermore, insights from the risk materiality assessment are considered in the stress test when defining stress parameters.

### ***Concentration risk management***

Erste Group has implemented a framework to identify, measure, control, report and manage concentration risks. This is essential to ensuring the long-term viability of Erste Group, especially in times of stressed economic conditions.



Concentration risk management at Erste Group is based on a framework of processes, methodologies and reports covering both intra- and inter-risk concentrations. Concentration risks also comprise an integral part of stress test analyses. Furthermore, the outcome of a stress test is directly considered in the Risk-bearing Capacity Calculation of Erste Group.

Additionally, the results of concentration risk assessments are used in defining the Risk Appetite Statement, defining stress factors for stress tests, and when setting or calibrating Erste Group's limit system.

Based on the results of concentration risk studies, potential regional, country and industry concentration risks could be identified in the credit portfolio. Country concentration mainly reflects Erste Group's strategy to operate in its core CEE region.

### ***Stress testing***

Modelling sensitivities of Erste Group's assets, liabilities and profit or loss provide management and steering impulses and help in optimising Erste Group's risk/return profile. The additional dimension of stress tests should help to factor in severe but plausible scenarios and provide further robustness to the measuring, steering and management system. Risk modelling and stress testing are vital forward-looking elements of ICAAP. Finally, sensitivities and stress scenarios are explicitly considered within Erste Group's planning and budgeting process as well as the Risk-bearing Capacity Calculation and the setting of the Maximum Risk Exposure Limit.

Erste Group's most complex stress tests take comprehensive account of the impact of stress scenarios, including second-round effects on all risk types (credit, market, operational and liquidity) and in addition impacts on the associated volumes (assets/liabilities) as well as on profit and loss sensitivities.

Erste Group has developed specific tools to support the stress testing process, which combines bottom-up and top-down approaches. In addition, Erste Group leverages the intimate knowledge of its professionals located in the different regions to further calibrate the model-based stress parameters. Special attention is given to consider adequate granularity and special characteristics when defining the stress parameters (e.g., the particular developments in the respective region, industry, product type or segment). The adequacy of scenarios and stress parameters is reviewed on a quarterly basis.

Results from all of Erste Group's stress tests are checked as to their explanatory power in order to decide on appropriate measures. All stress tests performed in the reporting period clearly showed capital adequacy to be sufficient.

Erste Group additionally participated in a stress test exercise at national level (OeNB). The results of this stress test showed that Erste Group's regulatory capital was adequate. An international stress test (EBA) did not take place in 2012.

### **Risk-bearing Capacity Calculation ("RCC")**

The Risk-bearing Capacity Calculation is ultimately the tool to define the capital adequacy required by ICAAP. Within the RCC, all material risks are aggregated and compared to the coverage potential and capital of the bank. The integral forecast, risk appetite limit as well as a traffic light system support management in its discussion and decision process.

The traffic light system embedded in Erste Group's RCC helps in alerting the management in case there is a need to decide, plan and execute actions to either replenish the capital base or to take appropriate business measures for reducing the risk.

The management board and risk management committees are briefed regularly (and at least on a quarterly basis) in relation to the results of the capital adequacy calculation. The report includes movements in risks and available capital and coverage potential after consideration of potential losses in stress situations, the degree of the risk limit's utilisation and the overall status of capital adequacy according to the traffic light system. The Erste Group Risk Report also includes a comprehensive forecast of risk-weighted assets and capital adequacy.

Besides the Pillar 1 risk types (credit-, market- and operational risk), in the context of Pillar 2, interest rate risks in the banking book, foreign exchange risks arising from equity investments and credit spread risks in the banking book are explicitly considered within the economic capital via internal models. During 2012 the utilisation of the economic capital was between 67% and 76%. The methodologies which are applied for the different risk types in calculating the economic capital requirement are diverse and range from historic simulations, and value-at-risk approaches to the regulatory approach for residual portfolios. Moreover, additional portfolio calculations can be applied that are utilised under the standard regulatory approach and which are extended by risk parameters from the internal ratings-based approach.

In addition to the Risk-bearing Capacity Calculation, liquidity, concentration and macroeconomic risks, in particular, are managed by means of a proactive management framework that includes forward-looking scenarios, stress testing, trigger levels (including a risk buffer of 5.3% of the economic capital requirement), and traffic light systems.

Based on Erste Group's business and risk profile, the three main types of banking risks—credit risk, market risk and operational risk—are currently considered directly in the Risk-bearing Capital Calculation. Credit risk accounts for approximately 71% of the total economic capital requirement. Reflecting what management believes is Erste Group's conservative risk management policy and strategy, Erste Group does not offset diversification effects between these three risk types. The economic capital requirement for unexpected losses is computed on a one-year time horizon with a 99.95% confidence level, which reflects the implied default risk consistent with a long-term credit rating of AA.

The capital or coverage potential required to cover economic risks and unexpected losses is based on equity, considering as well subordinated liabilities and regulatory deductions. The coverage potential must be sufficient to absorb unexpected losses resulting from Erste Group's operations.

### **Risk planning and forecasting**

The responsibility for strategic risk management within the Group and each subsidiary includes to ensure sound risk planning and forecasting processes. The numbers determined by risk management are a consequence of close cooperation with all stakeholders in the Group's overall planning process, and in particular with Group Performance Management (GPM), Asset/Liability Management and the business lines. The relevant numbers flow directly into the Group steering and planning process, which is hosted by GPM.

A particular role and forward-looking element is played by the rolling one-year forecast within the RCC and which is vital in determining the trigger level of the traffic light system.

### ***RWA management***

As risk-weighted assets ("RWAs") determine the actual regulatory capital requirement of a bank and influence the capital ratio as a key performance indicator, particular emphasis is devoted to meeting targets and to the planning and forecasting capacity for this parameter. Insights from monthly RWA analyses are used to improve the calculation infrastructure, the quality of input parameters and data as well as the most efficient application of the Basel framework.

A major focus during 2012 was on meeting RWA targets. There is a process in place for tracking compliance with RWA targets, forecasting their future developments, and, thereby, defining further targets. Deviations are brought to the attention of the board within a short time frame. This process is carried out by a task force with dedicated experts from the relevant areas of risk management, controlling, and statutory reporting. The task force's steering committee is co-headed by the CFO and CRO, and its meetings take place at least monthly. In addition to discussions in the steering committee, the Group's management board is regularly informed about the current status, and findings are taken into account in the context of Erste

Group's regular steering process. Furthermore, RWA targets are included in the Risk Appetite Statement.

### **Capital allocation**

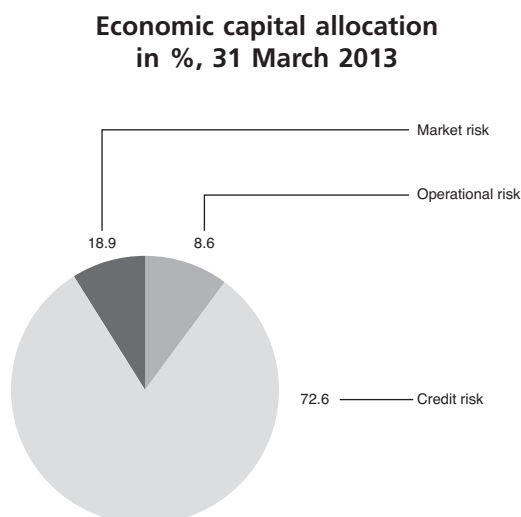
An important task integral to the risk planning process is the allocation of capital to entities, business lines and segments. This is done with close co-operation between Strategic Risk Management and Controlling. All insight from the ICAAP and controlling processes is used to allocate capital with a view to risk/return considerations.

### **Emergency Response Plan**

In order to respond in a timely and effective manner to a crisis situation, the Emergency Response Plan (ERP) provides a general governance framework and action plan for the Group in such eventuality. The ERP is a modular system which can be applied as required by a particular situation. As part of its supervisory guidance for strengthening the sustainability of the business models of large, internationally active Austrian banks, Erste Group is required to prepare recovery and resolution plans for potential crisis situations. The ERP will be incorporated into these recovery and resolution plans.

### **Erste Group's aggregate capital requirement by risk type**

The following diagrams present the composition of the economic capital requirement as of 31 March 2013 according to type of risk:



Source: Internal information of Erste Group Bank.

## **Credit risk**

### **Definition and overview**

Credit risk arises in Erste Group's traditional lending and investment businesses. It involves losses incurred as a result of default by borrowers and the need to set aside provisions as a result of the deteriorating credit quality of certain borrowers, as well as due to counterparty risk from trading in instruments and derivatives bearing market risk. Country risk, too, is recognised in the calculation of credit risk. Operative credit decisions are made locally by the credit risk management units at each of the banking subsidiaries, and by Group Corporate Risk Management and Group EGI Real Estate Risk Management at group level.

The central database used for credit risk management is the group data pool. All data relevant to credit risk management, performance management and determination of risk-weighted assets and the regulatory capital requirement are regularly input to this database. Relevant subsidiaries not yet integrated into the group data pool regularly deliver separate reporting packages.

The department Group Credit Risk Methods and Reporting uses the group data pool for centralised credit risk reporting. This ensures centralised analysis and application of ratios according to unified methods and segmentation across the entire Erste Group. The credit risk reporting is comprised of regular reports on Erste Group's credit portfolio for external and internal recipients and permits continuous monitoring of credit risk developments, thus enabling management to take control measures. In-house recipients of these reports include, above all, the supervisory and management boards of Erste Group Bank, as well as the risk managers, business unit directors and internal audit staff.

The "Credit Limit System" organisational unit is in charge of the rollout and continuous technical improvement of a group-wide online limit system for capping counterparty risk arising from treasury transactions, as well as for surveillance of credit risk from exposure to clients that fall into the "financial institutions", "sovereigns" and "international large corporates" asset segments and which work with several different members of Erste Group.

## **Internal rating system**

### ***Overview***

Erste Group has business and risk strategies in place, as well as policies for lending and credit approval processes, which are reviewed and adjusted regularly (at least annually). They cover the entire lending business and take into account the nature, scope and risk level of the transactions and the counterparties involved. Credit approval is based on the creditworthiness of the customer, the type of credit, collateral, covenant package and other risk mitigation factors involved.

The assessment of counterparty default risk within Erste Group is based on the customer's probability of default ("PD"). For each credit exposure and lending decision, Erste Group assigns an internal rating which is a unique measure of counterparty default risk. The internal rating of each customer is updated at least on an annual basis ("Annual Rating Review"). Ratings of customers in weaker rating classes are reviewed with higher frequency than the usual Annual Rating Review.

The main purpose of the internal ratings is to support the decision-making for lending and for the terms of credit facilities to be extended. However, internal ratings also determine the level of decision-making authority within Erste Group and the monitoring procedures for existing exposures. At a quantitative level, internal ratings drive the level of required risk pricing and risk provisions.

For IRB compliant entities of Erste Group, internal ratings are a key element of the risk-weighted assets' calculation. They are also used in Erste Group's Internal Capital Adequacy Assessment Process ("ICAAP"). For these purposes, a distinct PD value is assigned to each rating grade for its IRB portfolios within the calibration process. Calibration is performed individually for each rating method. PD values reflect the twelve-month probability of default based on long-term average default rates. In addition to the PD values, the bank adds a margin dependent on the granularity of portfolios and relevant data history to ensure that PDs are rather over- than understated. Calibration of PD values is validated annually in line with all the rating methods validations.

Internal ratings take into account all available essential information for the assessment of counterparty default risk. For non-retail borrowers, internal ratings take into account financial strength of the counterparty, possibility of external support, company information and external credit history information, where available. For the wholesale segment, internal ratings also take into account market information such as access to capital markets linked to external ratings or credit spreads. The willingness of the market to provide funds to the counterparty can be derived from these variables. For retail clients, internal ratings are based mainly on behavioural and application scoring, but they also utilise demographic and financial information, supplemented by credit bureau information, where available. Rating ceiling rules on credit quality are applied based on membership in a group of economically related entities

and country of main economic activity. Country ceilings are applied for cross-border financing facilities.

Internal teams of specialists (“Competence Centres”) provide internal rating models and risk parameters and develop them further. Rating development follows an internal methodology formalised into a group-wide methodology and documentation standard. Rating models are developed based on relevant and the most accurate data available covering the respective market. In such way, Erste Group has established predictive rating models covering its entire core region.

All scorecards, whether retail or non-retail, are regularly validated by the central validation unit based on a group-wide standard methodology. Validations are provided using statistical techniques with respect to default prediction performance, rating stability, data quality, completeness and relevancy, as well as the review of documentation and user acceptance. The results of this validation process are reported to the management and regulatory bodies. In addition to the validation process, the Group applies a monthly monitoring process on the performance of rating tools, reflecting new defaults from the previous month and any early delinquencies.

A Holding Model Committee is established as an elementary steering and control body for the model development and maintenance process. The Holding Model Committee reports to the CRO Board. All new models and modifications of existing models in Erste Group (rating models and risk parameters), as well as methodology standards, are reviewed by the Holding Model Committee. The Holding Model Committee ensures group-wide integrity and consistency of models and methodologies. In addition to its review function for new models and methodologies, the Holding Model Committee organises the group-wide validation process, reviews validation results and approves remedial actions. All development and validation activities are coordinated by the Group Credit Risk Methods organisational unit.

### ***Risk grades and categories***

The classification of credit assets into risk grades is based on Erste Group’s internal ratings. Erste Group uses two internal risk scales for risk classification: for customers that have not defaulted, a risk scale of eight risk grades (for retail) and 13 risk grades (for all other segments) is used. Defaulted customers are classified into a separate risk grade. For newly acquired subsidiaries of Erste Group, the respective local risk classification is mapped to group standard classifications until internal rating systems according to group methodology are introduced.

For the purpose of external reporting, Erste Group has developed a framework to map the risk grades into four different risk categories, as follow:

**Low risk:** Typically regional customers with well-established and long-standing relationships with Erste Group or large internationally recognised customers. Strong and good financial position and no foreseeable financial difficulties. Retail clients having long relationships with the bank, or clients with a wide product pool use. No late payments currently or in the most recent 12 months. New business is generally with clients in this risk category.

**Management attention:** Vulnerable non-retail clients which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium-term. Retail clients with limited savings or probable payment problems in the past triggering early collection reminders. These clients typically have good recent histories and no current delinquencies.

**Substandard:** The borrower is vulnerable to negative financial and economic developments. Such loans are managed in specialised risk management departments.

**Non-performing:** One or more of the default criteria under Basel 2 are met: full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or initiation of

bankruptcy proceedings. For purposes of analysing non-performing positions, Erste Group applies the 'customer view' in Austria. Accordingly, if an Austrian customer defaults on one product, all of that customer's performing products are classified as non-performing. For corporate borrowers in CEE, the customer view is also applied. However, in the retail and SME segment in CEE, Erste Group uses the 'product view', so that only the product actually in default is counted as a NPL whereas the other products of the same customer are considered performing.

Risk category within Erste Group	External ratings assigned by rating agencies
Low risk . . . . .	AAA to BB/Aaa to Ba
Management attention . . . . .	B
Substandard . . . . .	CCC to C/Caa to C
Non-performing . . . . .	D, R, RD, SD

Source: Internal information of Erste Group Bank.

### Credit risk review and monitoring

In order to manage the credit risk for large corporates, banks, sovereigns and country risk, credit limits are established to reflect the maximum exposure Erste Group is willing to take on that particular customer or group of connected customers. All credit limits and the exposures booked within the limits are reviewed at least once a year. For smaller corporates, enterprises and retail customers, monitoring and credit review is based on an automated early warning system and monthly rating model, which is updated monthly. For weaker small companies (with a risk category of 'Management attention' or 'Substandard'), a continuous review process is undertaken.

Credit portfolio reports for asset classes and business lines are prepared on a regular basis. Watch-list meetings or remedial committee meetings are held on a regular basis to discuss customers with poor credit ratings or to discuss pre-emptive measures to help a particular debtor avoid default. In order to proactively manage its non-retail portfolio and timely react to any negative developments, Erste Group is currently implementing Early Warning Signal (EWS) monitoring and management processes. The new EWS monitoring and management processes will be tailored to the economic characteristics of the relevant portfolios and will either be steered on a decentralised basis or for financial institutions, non-bank financial institutions and sovereigns as well as for corporates and municipalities (beyond certain thresholds) on a centralised basis. The new processes are intended to detect potential negative developments on a single name and a portfolio level as well as to enable the initiation of corrective actions as soon as warning signals, such as rating downgrades, overdue payments, covenant breaches, customer defaults on other obligations, blocking of accounts, etc. occur.

For retail businesses, local operational risk management is responsible for undertaking these monitoring activities and fulfilling the minimum requirements of Group Retail Risk Management.

### Credit risk exposure

Credit risk exposure relates to the following balance sheet items: loans and advances to credit institutions, loans and advances to customers, debt securities held for trading, at fair value through profit or loss, available for sale, and held to maturity; derivatives and credit risks held off balance sheet (primarily financial guarantees and undrawn credit commitments).

The credit risk exposure comprises the gross amount without taking into account loan loss provisions, any collateral held (including risk transfer to guarantors), netting effects, other credit enhancements or other credit risk mitigating transactions. The figures relating to 31 December 2010 included below refer to values after restatement of the 2010 consolidated financial statements. Similarly, absolute and percentage differences between 31 December 2011 and 31 December 2010 correspond to values of the restated balance sheet as of 31 December 2010.



Due to the sale of the Ukrainian subsidiary Public Company "Erste Bank" which was agreed in December 2012, Ukraine does not belong to the core market anymore and does not constitute a separate subsegment of Erste Group. Consequently, in the following tables with figures as of 31 December 2012, Ukraine is no longer presented either as separate subsegment or as a separate region.

The credit risk exposure of Erste Group increased by 0.1%, or €211 million, from just under €219.5 billion as of 31 December 2011 to approximately €219.7 billion as of 31 December 2012 and decreased slightly by 0.3%, or €591 million to €219.1 billion as of 31 March 2013.

### **Credit risk exposure by Basel 2 exposure class and financial instrument**

The following tables include Erste Group's credit risk exposure broken down by Basel 2 exposure class and financial instrument as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively. The assignment of obligors to Basel 2 exposure classes is based on legal regulations. For reasons of clarity, individual Basel 2 exposure classes are presented in aggregated form in the tables below and in other tables below in 'credit risk'. The aggregated exposure class 'sovereigns' contains regional and local governments as well as public sector entities in addition to central governments, central banks, international organisations and multinational development banks.

#### **Credit risk exposure by Basel 2 exposure class and financial instrument as of 31 March 2013**

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments		At fair value through profit or loss unaudited	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets					
Sovereigns . . . . .	1,573	7,477	16,857	5,489	216	12,719	593	1,141	46,064
Institutions . . . . .	10,377	48	1,281	303	133	3,581	10,047	242	26,013
Corporates . . . . .	14	56,690	890	412	67	2,769	786	14,194	78,823
Retail . . . . .	0	63,121	0	0	0	0	3	5,053	68,178
<b>Total . . . . .</b>	<b>11,964</b>	<b>130,335</b>	<b>19,028</b>	<b>6,204</b>	<b>416</b>	<b>19,069</b>	<b>11,429</b>	<b>20,630</b>	<b>219,077</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

#### **Credit risk exposure by Basel 2 exposure class and financial instrument as of 31 December 2012**

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments <sup>(1)</sup>		At fair value through profit or loss audited	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets					
Sovereigns . . . . .	2,556	7,799	16,371	4,267	236	13,016	623	881	45,748
Institutions . . . . .	6,504	52	1,720	360	211	4,425	11,806	267	25,346
Corporates . . . . .	15	60,302	884	245	79	2,784	857	14,640	79,805
Retail . . . . .	0	63,774	0	0	0	0	4	4,990	68,768
<b>Total . . . . .</b>	<b>9,074</b>	<b>131,928</b>	<b>18,975</b>	<b>4,872</b>	<b>526</b>	<b>20,225</b>	<b>13,289</b>	<b>20,779</b>	<b>219,668</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

(1) Shown as "Debt securities" in the consolidated financial statements as of and for the financial year ended 31 December 2012.

*Credit risk exposure by Basel 2 exposure class and financial instrument as of 31 December 2011*

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments		At fair value through profit or loss audited	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets					
Sovereigns . . . . .	1,556	8,247	12,427	4,638	928	9,230	166	1,276	38,468
Institutions . . . . .	6,008	174	2,388	573	309	5,432	9,853	509	25,246
Corporates . . . . .	13	61,968	1,259	259	265	2,992	904	15,932	83,592
Retail . . . . .	0	64,361	0	0	0	0	7	7,782	72,150
<b>Total . . . . .</b>	<b>7,578</b>	<b>134,750</b>	<b>16,074</b>	<b>5,471</b>	<b>1,502</b>	<b>17,654</b>	<b>10,931</b>	<b>25,499</b>	<b>219,457</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Credit risk exposure by Basel 2 exposure class and financial instrument as of 31 December 2010*

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments		At fair value through profit or loss audited	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets					
Sovereigns . . . . .	4,988	7,605	9,744	3,912	1,334	6,230	213	1,574	35,599
Institutions . . . . .	7,494	146	3,115	763	500	4,803	7,674	752	25,246
Corporates . . . . .	14	60,498	1,376	281	195	3,703	619	17,422	84,108
Retail . . . . .	0	64,481	0	0	0	0	2	7,524	72,007
<b>Total without EIR restatement . . . . .</b>	<b>12,496</b>	<b>132,729</b>	<b>14,235</b>	<b>4,956</b>	<b>2,028</b>	<b>14,736</b>	<b>8,508</b>	<b>27,271</b>	<b>216,960</b>
<b>EIR restatement<sup>(1)</sup> . . . . .</b>									<b>(395)</b>
<b>Total . . . . .</b>									<b>216,565</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

### Credit risk exposure by industry and financial instruments

The following tables present Erste Group's credit risk exposure by industry, broken down by financial instruments, as of each reporting date indicated.

#### Credit risk exposure by industry and financial instrument as of 31 March 2013

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments				Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets	At fair value through profit or loss unaudited					
Agriculture and forestry	0	2,157	0	1	0	0	3	230	2,390	
Mining . . . . .	0	374	0	0	0	6	0	187	567	
Manufacturing . . . . .	0	10,369	55	24	1	146	109	3,652	14,356	
Energy and water supply	0	2,475	53	21	0	62	39	894	3,544	
Construction . . . . .	0	6,775	106	3	0	78	33	2,667	9,663	
Trade . . . . .	0	8,944	0	2	0	14	78	2,135	11,174	
Transport and communication . . . . .	0	3,572	187	178	0	438	24	713	5,112	
Hotels and restaurants . . . . .	0	3,954	9	0	0	2	38	488	4,491	
Financial and insurance services . . . . .	11,964	5,846	1,940	1,745	348	6,610	10,284	1,857	40,594	
Real estate and housing	0	20,348	23	21	0	194	226	1,651	22,464	
Services . . . . .	0	4,775	164	29	0	303	41	1,027	6,339	
Public administration . . . . .	0	6,433	16,482	4,173	64	10,881	543	1,006	39,582	
Education, health and art . . . . .	0	2,541	0	0	0	0	7	326	2,874	
Private customers . . . . .	0	51,576	0	0	0	0	2	3,209	54,787	
Other . . . . .	0	197	8	7	2	335	1	589	1,139	
<b>Total . . . . .</b>	<b>11,964</b>	<b>130,335</b>	<b>19,028</b>	<b>6,204</b>	<b>416</b>	<b>19,069</b>	<b>11,429</b>	<b>20,630</b>	<b>219,077</b>	

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

Credit risk exposure by industry and financial instrument as of 31 December 2012

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments <sup>(1)</sup>				Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets	At fair value through profit or loss audited					
Agriculture and forestry	0	2,195	0	0	0	0	3	211	2,409	
Mining . . . . .	0	396	0	1	0	0	0	191	588	
Manufacturing . . . . .	0	10,259	54	23	1	146	102	3,770	14,356	
Energy and water supply	0	2,387	51	24	0	66	43	847	3,418	
Construction . . . . .	0	7,067	110	4	0	76	36	2,636	9,930	
Trade . . . . .	0	8,903	0	1	0	13	90	2,293	11,300	
Transport and communication . . . . .	0	3,717	185	17	0	446	26	759	5,150	
Hotels and restaurants . . . . .	0	4,048	9	0	0	2	40	461	4,560	
Financial and insurance services . . . . .	9,074	6,208	2,423	1,302	439	7,670	12,039	1,980	41,135	
Real estate and housing	0	20,534	28	22	0	225	254	1,640	22,703	
Services . . . . .	0	4,839	164	50	0	293	43	1,061	6,451	
Public administration . . . . .	0	6,615	15,932	3,422	81	10,941	581	758	38,331	
Education, health and art . . . . .	0	2,606	0	0	0	0	9	316	2,931	
Private households . . . . .	0	52,028	0	0	0	0	3	3,225	55,256	
Other . . . . .	0	125	18	6	3	347	20	632	1,151	
<b>Total . . . . .</b>	<b>9,074</b>	<b>131,928</b>	<b>18,975</b>	<b>4,872</b>	<b>526</b>	<b>20,225</b>	<b>13,289</b>	<b>20,779</b>	<b>219,668</b>	

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

(1) Shown as "Debt securities" in the consolidated financial statements as of and for the financial year ended 31 December 2012.

Credit risk exposure by industry and financial instrument as of 31 December 2011

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments				Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets	At fair value through profit or loss audited					
Agriculture and forestry	0	2,076	0	0	0	0	2	285	2,362	
Mining . . . . .	0	460	0	0	0	2	0	116	578	
Manufacturing . . . . .	0	10,931	111	20	1	119	125	3,865	15,172	
Energy and water supply	0	2,419	51	18	0	68	33	955	3,544	
Construction . . . . .	0	6,745	141	1	0	65	8	3,220	10,179	
Trade . . . . .	0	9,476	0	1	0	9	84	2,458	12,028	
Transport and communication . . . . .	0	3,770	154	12	0	365	26	644	4,970	
Hotels and restaurants . . . . .	0	4,227	10	0	0	2	33	513	4,785	
Financial and insurance services . . . . .	7,578	6,633	3,166	1,931	707	8,511	10,094	2,468	41,088	
Real estate and housing	0	20,630	54	9	4	233	224	2,111	23,265	
Services . . . . .	0	5,441	98	33	0	272	61	1,193	7,098	
Public administration . . . . .	0	7,166	12,247	3,442	790	7,768	161	997	32,571	
Education, health and art . . . . .	0	2,498	0	0	0	0	6	452	2,957	
Private households . . . . .	0	52,031	0	0	0	0	5	5,647	57,683	
Other . . . . .	0	247	42	2	0	241	70	575	1,177	
<b>Total . . . . .</b>	<b>7,578</b>	<b>134,750</b>	<b>16,074</b>	<b>5,471</b>	<b>1,502</b>	<b>17,654</b>	<b>10,931</b>	<b>25,499</b>	<b>219,457</b>	

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

Credit risk exposure by industry and financial instrument as of 31 December 2010

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments				Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets	At fair value through profit or loss audited					
Agriculture and forestry	0	1,946	0	0	0	0	0	281	2,227	
Mining . . . . .	0	494	0	4	0	4	0	97	599	
Manufacturing . . . . .	0	10,619	32	70	1	113	89	4,034	14,958	
Energy and water supply	0	2,330	50	13	0	82	16	872	3,363	
Construction . . . . .	0	6,252	224	3	0	88	4	3,002	9,573	
Trade . . . . .	0	9,299	15	9	0	48	58	2,752	12,181	
Transport and communication . . . . .	0	3,900	171	66	0	290	34	639	5,100	
Hotels and restaurants . . . . .	0	4,250	11	0	0	2	18	490	4,771	
Financial and insurance services . . . . .	12,492	7,214	3,936	1,366	827	7,699	7,798	3,758	45,090	
Real estate and housing	0	20,035	95	8	3	207	137	2,340	22,825	
Services . . . . .	0	5,162	41	43	2	265	34	1,150	6,697	
Public administration . . . . .	0	6,872	9,623	3,370	1,180	5,548	199	1,327	28,119	
Education, health and art . . . . .	0	2,387	0	0	0	15	2	452	2,856	
Private households . . . . .	0	51,755	0	0	0	0	2	5,461	57,218	
Other . . . . .	5	215	37	4	15	375	116	616	1,383	
<b>Total without EIR restatement . . . . .</b>	<b>12,497</b>	<b>132,730</b>	<b>14,235</b>	<b>4,956</b>	<b>2,028</b>	<b>14,736</b>	<b>8,507</b>	<b>27,271</b>	<b>216,960</b>	
<b>EIR restatement<sup>(1)</sup> . . . . .</b>									<b>(395)</b>	
<b>Total . . . . .</b>									<b>216,565</b>	

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

**Credit risk exposure by risk category**

The following table presents the credit risk exposure of Erste Group by risk category as of 31 March 2013 and 31 December 2012, compared with the credit risk exposure as of 31 December 2011 and 31 December 2010.

in € million, unless indicated otherwise	Low risk	Management attention	Substandard audited, unless indicated otherwise	Non-performing	Credit risk exposure	EIR restatement
<b>Total exposure at 31 March 2013 (unaudited) . . . . .</b>	179,662	21,808	4,960	12,647	219,077	
Share of credit risk exposure (unaudited) . . . . .	82.0%	10.0%	2.3%	5.8%	100.0%	
<b>Total exposure at 31 December 2012 . . . . .</b>	179,455	22,833	4,785	12,595	219,668	
Share of credit risk exposure . . . . .	81.7%	10.4%	2.2%	5.7%	100.0% <sup>(1)</sup>	
<b>Total exposure at 31 December 2011 . . . . .</b>	175,425	27,038	5,194	11,800	219,457	0
Share of credit risk exposure . . . . .	79.9%	12.3%	2.4%	5.4%	100.0% <sup>(1)</sup>	
<b>Total exposure at 31 December 2010 . . . . .</b>	172,396	26,736	7,343	10,485	216,565	(395)
Share of credit risk exposure . . . . .	79.5%	12.3%	3.4%	4.8%	100.0% <sup>(1)</sup>	
<b>Change in credit risk exposure in 2012 . . . . .</b>	4,030	(4,204)	(409)	795	211	
Change . . . . .	2.3%	(15.5)%	(7.9)%	6.7%	0.1%	

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

(1) Unaudited

From 31 December 2011 to 31 December 2012, the percentage of credit risk exposure in the best and poorest categories increased, while exposure decreased in the other two categories. Non-performing claims as a share of total credit risk exposure (i.e., the non-performing

exposure ratio, NPE ratio) rose from 5.4% to 5.7%. Of Erste Group's total credit exposure, 81.7% constituted the best risk category and 10.4% was in the management attention category. The combined proportion of the two weaker risk categories scarcely changed between 31 December 2011 and 31 December 2012, growing by 0.1 percentage points from 7.8% to 7.9% of total credit risk exposure.

### ***Credit risk exposure by industry and risk category***

The following tables present the credit risk exposure of Erste Group by industry and risk category as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively:

#### ***Credit risk exposure by industry and risk category as of 31 March 2013***

<b>in € million</b>	<b>Low risk</b>	<b>Management attention</b>	<b>Sub-standard unaudited</b>	<b>Non-performing</b>	<b>Credit risk exposure</b>
Agriculture and forestry . . . . .	1,529	548	65	248	2,390
Mining . . . . .	376	111	12	68	567
Manufacturing . . . . .	9,626	2,410	565	1,754	14,356
Energy and water supply . . . . .	2,892	334	56	262	3,544
Construction . . . . .	5,688	1,896	267	1,812	9,663
Trade . . . . .	7,525	1,762	504	1,382	11,174
Transport and communication . . . . .	3,848	793	59	412	5,112
Hotels and restaurants . . . . .	2,457	935	302	796	4,491
Financial and insurance services . . . . .	38,899	1,262	95	339	40,594
Real estate and housing . . . . .	17,568	2,904	685	1,307	22,464
Services . . . . .	4,656	992	177	515	6,339
Public administration . . . . .	38,957	500	85	41	39,582
Education, health and art . . . . .	1,991	637	46	200	2,874
Private customers . . . . .	43,179	6,667	1,471	3,470	54,787
Sundry . . . . .	471	56	570	41	1,139
<b>Total . . . . .</b>	<b>179,662</b>	<b>21,808</b>	<b>4,960</b>	<b>12,647</b>	<b>219,077</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

#### ***Credit risk exposure by industry and risk category as of 31 December 2012***

<b>in € million</b>	<b>Low risk</b>	<b>Management attention</b>	<b>Sub-standard audited</b>	<b>Non-performing</b>	<b>Credit risk exposure</b>
Agriculture and forestry . . . . .	1,529	546	79	255	2,409
Mining . . . . .	399	110	5	74	588
Manufacturing . . . . .	9,611	2,436	535	1,773	14,356
Energy and water supply . . . . .	2,767	340	42	269	3,418
Construction . . . . .	5,950	1,843	315	1,821	9,930
Trade . . . . .	7,792	1,810	375	1,324	11,300
Transport and communication . . . . .	3,890	796	65	399	5,150
Hotels and restaurants . . . . .	2,447	986	310	816	4,560
Financial and insurance services . . . . .	39,386	1,276	80	392	41,135
Real estate and housing . . . . .	17,570	3,267	658	1,208	22,703
Services . . . . .	4,798	953	161	539	6,451
Public administration . . . . .	37,476	817	10	28	38,331
Education, health and art . . . . .	2,024	668	48	191	2,931
Private households . . . . .	43,337	6,891	1,560	3,468	55,256
Other . . . . .	478	92	544	37	1,151
<b>Total . . . . .</b>	<b>179,455</b>	<b>22,833</b>	<b>4,785</b>	<b>12,595</b>	<b>219,668</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.



*Credit risk exposure by industry and risk category as of 31 December 2011*

<b>in € million</b>	<b>Low risk</b>	<b>Management attention</b>	<b>Sub-standard audited</b>	<b>Non-performing</b>	<b>Credit risk exposure</b>
Agriculture and forestry . . . . .	1,459	603	60	241	2,362
Mining . . . . .	439	68	4	67	578
Manufacturing . . . . .	9,709	3,305	423	1,735	15,172
Energy and water supply . . . . .	2,722	585	86	151	3,544
Construction . . . . .	6,670	1,901	477	1,132	10,179
Trade . . . . .	7,954	2,398	312	1,364	12,028
Transport and communication . . . . .	3,369	1,017	125	460	4,970
Hotels and restaurants . . . . .	2,399	1,285	317	784	4,785
Financial and insurance services . . . . .	39,335	1,224	131	398	41,088
Real estate and housing . . . . .	17,860	3,562	565	1,278	23,265
Services . . . . .	5,284	1,040	186	587	7,098
Public administration . . . . .	31,493	995	36	47	32,571
Education, health and art . . . . .	2,284	500	41	132	2,957
Private households . . . . .	44,032	8,447	1,842	3,362	57,683
Other . . . . .	416	107	591	63	1,177
<b>Total . . . . .</b>	<b>175,425</b>	<b>27,038</b>	<b>5,194</b>	<b>11,800</b>	<b>219,457</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Credit risk exposure by industry and risk category as of 31 December 2010*

<b>in € million</b>	<b>Low risk</b>	<b>Management attention</b>	<b>Sub-standard audited</b>	<b>Non-performing</b>	<b>Credit risk exposure</b>
Agriculture and forestry . . . . .	1,169	697	148	213	2,227
Mining . . . . .	410	96	8	85	599
Manufacturing . . . . .	8,529	4,003	1,124	1,302	14,958
Energy and water supply . . . . .	2,733	424	78	128	3,363
Construction . . . . .	5,938	1,984	792	858	9,572
Trade . . . . .	7,708	2,823	465	1,185	12,181
Transport and communication . . . . .	3,254	1,137	276	434	5,101
Hotels and restaurants . . . . .	2,240	1,540	315	676	4,771
Financial and insurance services . . . . .	42,874	1,595	199	421	45,089
Real estate and housing . . . . .	16,651	4,199	969	1,007	22,826
Services . . . . .	4,555	1,320	213	608	6,696
Public administration . . . . .	27,457	591	64	6	28,118
Education, health and art . . . . .	2,213	443	61	139	2,856
Private households . . . . .	46,227	5,681	1,910	3,401	57,219
Other . . . . .	438	203	721	22	1,384
<b>Total without EIR restatement . . . . .</b>	<b>172,396</b>	<b>26,736</b>	<b>7,343</b>	<b>10,485</b>	<b>216,960</b>
<b>EIR restatement<sup>(1)</sup> . . . . .</b>					<b>(395)</b>
<b>Total . . . . .</b>					<b>216,565</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

***Credit risk exposure by region and risk category***

The following geographic analysis of credit risk exposure by region and risk category is based on the country of the borrower. Accordingly, the distribution among Erste Group entities of the credit risk exposure by geography differs from the composition of credit risk exposure in terms of reporting segments of Erste Group.

The following tables present the credit risk exposure of Erste Group by region and risk category as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively:

*Credit risk exposure by region and risk category as of 31 March 2013*

in € million	Low risk	Management attention	Sub-standard unaudited	Non-performing	Credit risk exposure
<b>Core market</b> . . . . .	<b>144,993</b>	<b>20,082</b>	<b>4,654</b>	<b>11,753</b>	<b>181,482</b>
Austria . . . . .	74,953	8,305	1,657	3,311	88,226
Croatia . . . . .	6,338	1,618	491	1,369	9,816
Romania . . . . .	10,632	3,026	838	3,516	18,011
Serbia . . . . .	817	325	50	115	1,307
Slovakia . . . . .	13,293	1,129	250	454	15,126
Slovenia . . . . .	1,020	388	195	227	1,830
Czech Republic . . . . .	30,832	3,666	708	1,058	36,263
Hungary . . . . .	7,107	1,626	466	1,703	10,902
<b>Other EU</b> . . . . .	<b>30,053</b>	<b>931</b>	<b>168</b>	<b>543</b>	<b>31,696</b>
<b>Other industrialised countries</b> . . . . .	<b>2,275</b>	<b>129</b>	<b>17</b>	<b>130</b>	<b>2,551</b>
<b>Emerging markets</b> . . . . .	<b>2,341</b>	<b>666</b>	<b>121</b>	<b>220</b>	<b>3,348</b>
Southeastern Europe/CIS . . . . .	1,512	593	113	189	2,407
Asia . . . . .	505	12	0	17	533
Latin America . . . . .	83	17	0	8	109
Middle East/Africa . . . . .	241	44	7	6	299
<b>Total</b> . . . . .	<b>179,662</b>	<b>21,808</b>	<b>4,960</b>	<b>12,647</b>	<b>219,077</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

*Credit risk exposure by region and risk category as of 31 December 2012*

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
<b>Core market</b> . . . . .	<b>145,789</b>	<b>20,790</b>	<b>4,564</b>	<b>11,661</b>	<b>182,803</b>
Austria . . . . .	75,642	8,419	1,534	3,423	89,017
Croatia . . . . .	6,147	1,808	470	1,295	9,720
Romania . . . . .	10,678	3,113	993	3,346	18,129
Serbia . . . . .	805	276	49	79	1,209
Slovakia . . . . .	13,107	1,176	232	502	15,017
Slovenia . . . . .	1,328	267	127	228	1,951
Czech Republic . . . . .	31,219	3,961	742	1,063	36,984
Hungary . . . . .	6,864	1,770	417	1,726	10,777
<b>Other EU</b> . . . . .	<b>27,409</b>	<b>1,202</b>	<b>112</b>	<b>559</b>	<b>29,283</b>
<b>Other industrialised countries</b> . . . . .	<b>4,096</b>	<b>140</b>	<b>19</b>	<b>143</b>	<b>4,398</b>
<b>Emerging markets</b> . . . . .	<b>2,161</b>	<b>702</b>	<b>90</b>	<b>232</b>	<b>3,184</b>
South-Eastern Europe/CIS . . . . .	1,322	634	87	187	2,230
Asia . . . . .	510	10	1	24	546
Latin America . . . . .	86	19	1	8	114
Middle East/Africa . . . . .	243	38	1	13	294
<b>Total</b> . . . . .	<b>179,455</b>	<b>22,833</b>	<b>4,785</b>	<b>12,595</b>	<b>219,668</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

*Credit risk exposure by region and risk category as of 31 December 2011*

<i>in € million</i>	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
<b>Core market</b>	<b>142,947</b>	<b>25,055</b>	<b>4,889</b>	<b>10,822</b>	<b>183,714</b>
Austria	76,513	9,114	1,686	3,316	90,629
Croatia	5,954	2,417	466	982	9,818
Romania	10,641	4,924	869	2,813	19,247
Serbia	587	365	16	71	1,039
Slovakia	10,299	1,412	260	539	12,509
Slovenia	1,519	264	167	236	2,187
Czech Republic	29,197	4,128	693	1,039	35,058
Ukraine	423	574	136	230	1,362
Hungary	7,812	1,858	598	1,597	11,864
<b>Other EU</b>	<b>25,336</b>	<b>1,466</b>	<b>170</b>	<b>613</b>	<b>27,584</b>
<b>Other industrialised countries</b>	<b>4,181</b>	<b>204</b>	<b>46</b>	<b>178</b>	<b>4,610</b>
<b>Emerging markets</b>	<b>2,960</b>	<b>313</b>	<b>89</b>	<b>186</b>	<b>3,549</b>
South-Eastern Europe/CIS	1,298	222	47	148	1,714
Asia	714	14	40	22	791
Latin America	167	8	2	9	186
Middle East/Africa	782	69	0	7	858
<b>Total</b>	<b>175,425</b>	<b>27,038</b>	<b>5,194</b>	<b>11,800</b>	<b>219,457</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Credit risk exposure by region and risk category as of 31 December 2010*

<i>in € million</i>	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
<b>Core market</b>	<b>140,048</b>	<b>24,187</b>	<b>6,891</b>	<b>9,718</b>	<b>180,844</b>
Austria	74,956	9,728	1,804	3,565	90,053
Croatia	6,050	2,171	255	760	9,236
Romania	9,652	3,672	2,426	2,270	18,020
Serbia	434	360	10	61	865
Slovakia	9,897	868	362	505	11,632
Slovenia	1,558	328	125	207	2,218
Czech Republic	28,962	4,657	1,070	1,147	35,836
Ukraine	354	453	128	204	1,139
Hungary	8,185	1,950	711	999	11,845
<b>Other EU</b>	<b>23,968</b>	<b>1,804</b>	<b>317</b>	<b>424</b>	<b>26,513</b>
<b>Other industrialised countries</b>	<b>5,137</b>	<b>352</b>	<b>43</b>	<b>201</b>	<b>5,733</b>
<b>Emerging markets</b>	<b>3,243</b>	<b>393</b>	<b>92</b>	<b>142</b>	<b>3,870</b>
South-Eastern Europe/CIS	1,179	237	28	123	1,567
Asia	865	22	56	4	947
Latin America	189	43	3	11	246
Middle East/Africa	1,010	91	5	4	1,110
<b>Total without EIR restatement</b>	<b>172,396</b>	<b>26,736</b>	<b>7,343</b>	<b>10,485</b>	<b>216,960</b>
<b>EIR restatement<sup>(1)</sup></b>					<b>(395)</b>
<b>Total</b>					<b>216,565</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

The decline in credit risk exposure by €591 million from 31 December 2012 to 31 March 2013 reflects a decrease of €1.3 billion, or 0.7%, in the core markets, coupled with a significant reduction of more than €1.8 billion, or 42%, in other industrialised countries, as well as a substantial growth of €2.4 billion, or 8.2%, in the other EU member states (EU 27 excluding core markets), and a slight increase of €164 million, or 5.2%, in emerging markets. The countries of Erste Group's core market and the EU accounted for more than 97% of credit risk exposure as of 31 March 2013. At 1.5%, credit risk exposure in emerging markets remained of minor significance.

Growing by only €211 million, or 0.1%, the credit risk exposure remained almost unchanged between 31 December 2011 and 31 December 2012. In the CEE core markets, the credit risk exposure increased by €701 million, or 0.8%, whereas it decreased by approximately €1.6 billion, or 1.8%, in Austria. In the other EU member states (EU 27 excluding core markets), the credit risk exposure rose by almost €1.7 billion, or 6.2%, to €29.3 billion between the two balance sheet dates, contrasting with a decrease of €212 million, or 4.6%, in other industrialised countries and of €365 million, or 10.3%, in emerging markets. The countries of Erste Group's core market and the EU accounted for 96.5% of credit risk exposure as of 31 December 2012. At 1.4%, credit risk exposure in emerging markets remained of minor significance. The growth in credit risk exposure by €2.9 billion from 31 December 2010 to 31 December 2011 reflected an increase of €2.3 billion, or 2.5%, in the CEE core markets and an increase of €576 million, or 0.6%, in Austria, coupled with an increase of nearly €1.1 billion, or 4.0%, in the other EU member states (EU 27 excluding core markets), a decrease in other industrialised countries of more than €1.1 billion, or approximately 19.6%, and a decrease of €321 million, or 8.3%, in emerging markets. The countries of Erste Group's core market and the EU accounted for 96.3% of credit risk exposure as of 31 December 2011. At 1.6%, credit risk exposure in emerging markets remained of minor significance.

#### ***Credit risk exposure by segment and risk category***

The following tables show the composition of credit exposure based on reporting segment. Exposure is classified into segments based on the domicile of the Erste Group entities which carry the credit risk on their books.

The following tables show the credit risk exposure of Erste Group by reporting segment as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively:

#### ***Credit risk exposure by segment and risk category as of 31 March 2013***

in € million	Low risk	Management attention	Sub-standard unaudited	Non-performing	Credit risk exposure
<b>Retail &amp; SME</b> . . . . .	<b>126,423</b>	<b>17,777</b>	<b>3,647</b>	<b>10,956</b>	<b>158,803</b>
Austria . . . . .	72,169	9,106	1,453	3,745	86,472
EB Österreich . . . . .	31,194	2,416	334	1,096	35,040
Savings Banks . . . . .	40,975	6,690	1,119	2,649	51,432
Central and Eastern Europe . . . . .	54,254	8,671	2,194	7,212	72,331
Czech Republic . . . . .	27,184	2,708	580	934	31,407
Romania . . . . .	8,471	2,399	593	3,131	14,593
Slovakia . . . . .	9,704	842	216	411	11,174
Hungary . . . . .	2,790	1,348	402	1,526	6,066
Croatia . . . . .	5,617	1,146	390	1,136	8,288
Serbia . . . . .	488	228	14	74	804
<b>GCIB</b> . . . . .	<b>19,151</b>	<b>3,547</b>	<b>949</b>	<b>1,686</b>	<b>25,333</b>
<b>Group Markets</b> . . . . .	<b>25,323</b>	<b>287</b>	<b>16</b>	<b>3</b>	<b>25,629</b>
<b>Corporate Center</b> . . . . .	<b>8,765</b>	<b>197</b>	<b>348</b>	<b>2</b>	<b>9,311</b>
<b>Total Group</b> . . . . .	<b>179,662</b>	<b>21,808</b>	<b>4,960</b>	<b>12,647</b>	<b>219,077</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

*Credit risk exposure by segment and risk category as of 31 December 2012*

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
<b>Retail &amp; SME</b> . . . . .	<b>128,207</b>	<b>18,548</b>	<b>3,590</b>	<b>11,069</b>	<b>161,413</b>
Austria . . . . .	72,950	9,165	1,382	3,816	87,313
EB Österreich . . . . .	31,244	2,462	329	1,134	35,169
Savings Banks . . . . .	41,706	6,703	1,054	2,682	52,145
CEE . . . . .	55,257	9,383	2,208	7,253	74,100
Czech Republic . . . . .	28,063	3,107	598	989	32,758
Romania . . . . .	8,766	2,523	631	3,086	15,007
Slovakia . . . . .	9,449	877	197	448	10,971
Hungary . . . . .	2,949	1,510	348	1,575	6,382
Croatia . . . . .	5,558	1,186	417	1,085	8,246
Serbia . . . . .	471	180	16	69	736
<b>Group Corporate &amp; Investment</b>					
<b>Banking</b> . . . . .	<b>19,840</b>	<b>3,895</b>	<b>861</b>	<b>1,521</b>	<b>26,117</b>
<b>Group Markets</b> . . . . .	<b>22,479</b>	<b>186</b>	<b>20</b>	<b>2</b>	<b>22,688</b>
<b>Corporate Center</b> . . . . .	<b>8,929</b>	<b>205</b>	<b>314</b>	<b>3</b>	<b>9,450</b>
<b>Total</b> . . . . .	<b>179,455</b>	<b>22,833</b>	<b>4,785</b>	<b>12,595</b>	<b>219,668</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

*Credit risk exposure by segment and risk category as of 31 December 2011*

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
<b>Retail &amp; SME</b> . . . . .	<b>125,950</b>	<b>22,282</b>	<b>4,275</b>	<b>10,395</b>	<b>162,902</b>
Austria . . . . .	75,183	9,928	1,632	3,854	90,597
EB Österreich . . . . .	33,193	2,973	401	1,148	37,716
Savings Banks . . . . .	41,990	6,955	1,231	2,706	52,881
CEE . . . . .	50,767	12,355	2,642	6,541	72,305
Czech Republic . . . . .	24,962	3,739	608	975	30,284
Romania . . . . .	7,542	3,844	734	2,579	14,699
Slovakia . . . . .	8,553	916	223	498	10,189
Hungary . . . . .	3,655	1,648	517	1,504	7,324
Croatia . . . . .	5,184	1,825	443	764	8,216
Serbia . . . . .	416	228	15	59	718
Ukraine . . . . .	455	155	101	161	873
<b>Group Corporate &amp; Investment</b>					
<b>Banking</b> . . . . .	<b>23,330</b>	<b>4,411</b>	<b>569</b>	<b>1,398</b>	<b>29,708</b>
<b>Group Markets</b> . . . . .	<b>18,987</b>	<b>176</b>	<b>3</b>	<b>3</b>	<b>19,169</b>
<b>Corporate Center</b> . . . . .	<b>7,158</b>	<b>169</b>	<b>348</b>	<b>4</b>	<b>7,679</b>
<b>Total</b> . . . . .	<b>175,425</b>	<b>27,038</b>	<b>5,194</b>	<b>11,800</b>	<b>219,457</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Credit risk exposure by segment and risk category as of 31 December 2010*

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
<b>Retail &amp; SME</b> . . . . .	<b>123,209</b>	<b>20,962</b>	<b>5,702</b>	<b>9,191</b>	<b>159,064</b>
Austria . . . . .	73,269	10,620	1,746	3,956	89,591
EB Österreich . . . . .	32,645	3,241	443	1,217	37,546
Savings Banks . . . . .	40,624	7,379	1,303	2,739	52,045
CEE . . . . .	49,940	10,342	3,956	5,235	69,473
Czech Republic . . . . .	22,457	3,387	695	1,064	27,603
Romania . . . . .	8,337	2,875	2,024	2,030	15,266
Slovakia . . . . .	8,042	580	293	462	9,377
Hungary . . . . .	5,049	1,548	615	937	8,149
Croatia . . . . .	5,360	1,622	244	560	7,786
Serbia . . . . .	358	156	9	44	567
Ukraine . . . . .	337	174	76	138	725
<b>Group Corporate &amp; Investment</b>					
Banking . . . . .	23,466	5,283	1,190	1,244	31,183
<b>Group Markets</b> . . . . .	<b>19,302</b>	<b>238</b>	<b>25</b>	<b>6</b>	<b>19,571</b>
<b>Corporate Center</b> . . . . .	<b>6,419</b>	<b>254</b>	<b>424</b>	<b>45</b>	<b>7,142</b>
<b>Total without EIR restatement</b> . . . . .	<b>172,396</b>	<b>26,737</b>	<b>7,341</b>	<b>10,486</b>	<b>216,960</b>
<b>EIR restatement<sup>(1)</sup></b> . . . . .					<b>(395)</b>
<b>Total</b> . . . . .					<b>216,565</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

***Contingent credit liabilities by region and risk category***

The following tables present the credit risk exposure of Erste Group's off-balance-sheet positions by region and risk category, as well as by product, as of 31 December 2012, 2011 and 2010, respectively. In the second quarter of 2012, Erste Group introduced a more stringent group-wide differentiation between irrevocable and revocable commitments. Due to this change, in the interim financial statements as of 30 June 2012, irrevocable unused commitments were reduced by approximately €3.5 billion.



Contingent credit liabilities by region and risk category as of 31 March 2013

in € million	Low risk	Management attention	Sub-standard unaudited	Non-performing	Credit risk exposure
<b>Core market</b> . . . . .	<b>15,326</b>	<b>2,065</b>	<b>818</b>	<b>307</b>	<b>18,515</b>
Austria . . . . .	10,129	729	593	224	11,675
Croatia . . . . .	482	122	20	21	645
Romania . . . . .	802	466	69	11	1,348
Serbia . . . . .	73	13	2	1	89
Slovakia . . . . .	995	89	15	20	1,119
Slovenia . . . . .	52	33	16	6	107
Czech Republic . . . . .	2,522	565	98	25	3,209
Hungary . . . . .	271	48	4	0	323
<b>Other EU</b> . . . . .	<b>1,323</b>	<b>53</b>	<b>21</b>	<b>9</b>	<b>1,407</b>
<b>Other industrialised countries</b> . . . . .	<b>145</b>	<b>6</b>	<b>0</b>	<b>15</b>	<b>167</b>
<b>Emerging markets</b> . . . . .	<b>443</b>	<b>91</b>	<b>4</b>	<b>5</b>	<b>542</b>
South-Eastern Europe/CIS . . . . .	334	71	4	5	413
Asia . . . . .	27	1	0	0	28
Latin America . . . . .	2	15	0	0	17
Middle East/Africa . . . . .	79	4	0	0	83
<b>Total</b> . . . . .	<b>17,237</b>	<b>2,215</b>	<b>843</b>	<b>336</b>	<b>20,630</b>

Source: Internal information of Erste Group Bank.

Contingent credit liabilities by region and risk category as of 31 December 2012

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
<b>Core market</b> . . . . .	<b>15,592</b>	<b>2,129</b>	<b>705</b>	<b>394</b>	<b>18,820</b>
Austria . . . . .	9,976	820	545	240	11,580
Croatia . . . . .	473	113	17	21	624
Romania . . . . .	978	367	34	66	1,445
Serbia . . . . .	129	14	2	0	146
Slovakia . . . . .	1,042	81	16	16	1,155
Slovenia . . . . .	74	30	3	8	115
Czech Republic . . . . .	2,624	642	83	31	3,380
Hungary . . . . .	295	62	6	12	375
<b>Other EU</b> . . . . .	<b>1,290</b>	<b>105</b>	<b>22</b>	<b>13</b>	<b>1,431</b>
<b>Other industrialised countries</b> . . . . .	<b>95</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>103</b>
<b>Emerging markets</b> . . . . .	<b>317</b>	<b>101</b>	<b>4</b>	<b>3</b>	<b>426</b>
South-Eastern Europe/CIS . . . . .	207	78	4	3	291
Asia . . . . .	24	1	0	0	25
Latin America . . . . .	3	15	0	0	18
Middle East/Africa . . . . .	83	8	0	0	91
<b>Total</b> . . . . .	<b>17,294</b>	<b>2,343</b>	<b>731</b>	<b>411</b>	<b>20,779</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

Contingent credit liabilities by region and risk category as of 31 December 2011

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
<b>Core market</b>	<b>19,871</b>	<b>2,618</b>	<b>716</b>	<b>265</b>	<b>23,470</b>
Austria	13,896	846	542	146	15,431
Croatia	550	176	20	14	760
Romania	1,247	757	28	55	2,085
Serbia	74	25	2	1	103
Slovakia	825	110	24	7	966
Slovenia	117	57	2	8	184
Czech Republic	2,773	524	83	26	3,406
Ukraine	0	67	0	0	67
Hungary	389	58	14	8	468
<b>Other EU</b>	<b>1,324</b>	<b>195</b>	<b>11</b>	<b>22</b>	<b>1,552</b>
<b>Other industrialised countries</b>	<b>206</b>	<b>10</b>	<b>10</b>	<b>1</b>	<b>227</b>
<b>Emerging markets</b>	<b>217</b>	<b>27</b>	<b>2</b>	<b>3</b>	<b>250</b>
South-Eastern Europe/CIS	127	12	2	3	144
Asia	12	1	0	0	13
Latin America	17	3	0	0	20
Middle East/Africa	62	12	0	0	73
<b>Total</b>	<b>21,618</b>	<b>2,851</b>	<b>739</b>	<b>290</b>	<b>25,499</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

Contingent credit liabilities by region and risk category as of 31 December 2010

in € million	Low risk	Management attention	Sub-standard audited	Non-performing	Credit risk exposure
<b>Core market</b>	<b>20,704</b>	<b>2,942</b>	<b>884</b>	<b>305</b>	<b>24,835</b>
Austria	14,827	1,081	513	174	16,595
Croatia	614	209	9	13	846
Romania	894	588	257	62	1,801
Serbia	57	27	1	0	85
Slovakia	983	81	32	8	1,104
Slovenia	130	39	2	8	179
Czech Republic	2,760	726	43	32	3,561
Ukraine	8	72	4	1	85
Hungary	430	118	24	7	579
<b>Other EU</b>	<b>1,472</b>	<b>248</b>	<b>4</b>	<b>17</b>	<b>1,740</b>
<b>Other industrialised countries</b>	<b>444</b>	<b>17</b>	<b>17</b>	<b>12</b>	<b>490</b>
<b>Emerging markets</b>	<b>152</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>206</b>
South-Eastern Europe/CIS	72	19	0	0	92
Asia	25	0	0	0	25
Latin America	17	0	0	0	17
Middle East/Africa	38	34	0	0	72
<b>Total without EIR restatement</b>	<b>22,772</b>	<b>3,260</b>	<b>905</b>	<b>334</b>	<b>27,271</b>
<b>EIR restatement</b>					<b>0</b>
<b>Total</b>					<b>27,271</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

## Contingent credit liabilities by product

in € million	At	At 31 December		
	31 March 2013 unaudited	2012	2011	2010
Financial guarantees . . . . .	6,285	6,363	6,920	7,826
Irrevocable commitments . . . . .	14,345	14,415	18,579	19,445
<b>Total . . . . .</b>	<b>20,630</b>	<b>20,779</b>	<b>25,499</b>	<b>27,271</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information as of and for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

## Credit risk exposure to sovereigns by region and financial instrument

The following tables show Erste Group's credit risk exposure to sovereigns by region and financial instrument as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively. The assignment of obligors to sovereigns is based on Basel 2 exposure classes.

### Credit risk exposure to sovereigns by region and financial instrument as of 31 March 2013

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments				Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets	At fair value through profit or loss unaudited	for sale fair value				
<b>Core market . . . . .</b>	<b>1,551</b>	<b>7,168</b>	<b>16,230</b>	<b>5,156</b>	<b>210</b>	<b>10,635</b>	<b>593</b>	<b>1,015</b>	<b>42,558</b>	
Austria . . . . .	0	3,474	2,512	-4	1	4,684	61	669	11,397	
Croatia . . . . .	689	987	95	238	0	602	0	30	2,641	
Romania . . . . .	13	1,215	2,430	793	5	889	0	78	5,423	
Serbia . . . . .	60	46	52	19	0	11	0	0	188	
Slovakia . . . . .	0	232	3,447	232	28	2,416	6	17	6,378	
Slovenia . . . . .	0	29	46	26	0	150	0	2	254	
Czech Republic . . . . .	758	658	6,435	2,182	176	1,276	526	209	12,219	
Hungary . . . . .	30	527	1,213	1,670	0	607	0	10	4,057	
<b>Other EU . . . . .</b>	<b>0</b>	<b>7</b>	<b>608</b>	<b>325</b>	<b>6</b>	<b>1,671</b>	<b>0</b>	<b>6</b>	<b>2,623</b>	
<b>Other industrialised countries . . . . .</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>261</b>	<b>0</b>	<b>0</b>	<b>274</b>	
<b>Emerging markets . . . . .</b>	<b>10</b>	<b>302</b>	<b>19</b>	<b>7</b>	<b>0</b>	<b>151</b>	<b>0</b>	<b>120</b>	<b>608</b>	
South-Eastern Europe/ CIS . . . . .	0	140	19	2	0	146	0	120	426	
Asia . . . . .	0	119	0	0	0	2	0	0	121	
Latin America . . . . .	3	33	0	0	0	1	0	0	37	
Middle East/Africa . . . . .	6	9	0	6	0	3	0	0	24	
<b>Total . . . . .</b>	<b>1,573</b>	<b>7,477</b>	<b>16,857</b>	<b>5,489</b>	<b>216</b>	<b>12,719</b>	<b>593</b>	<b>1,141</b>	<b>46,064</b>	

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

Credit risk exposure to sovereigns by region and financial instrument as of 31 December 2012

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments		At fair value through profit or loss audited	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets					
<b>Core market</b> . . . . .	<b>728</b>	<b>7,479</b>	<b>15,749</b>	<b>3,949</b>	<b>229</b>	<b>10,900</b>	<b>623</b>	<b>875</b>	<b>40,532</b>
Austria . . . . .	3	3,631	2,433	33	1	4,656	54	574	11,384
Croatia . . . . .	690	990	101	111	0	530	0	5	2,427
Romania . . . . .	5	1,267	2,497	587	5	980	0	85	5,425
Serbia . . . . .	0	50	51	8	0	10	0	0	119
Slovakia . . . . .	0	236	3,244	219	29	2,544	1	18	6,291
Slovenia . . . . .	0	28	47	84	0	162	0	3	323
Czech Republic . . . . .	0	681	6,175	1,867	194	1,314	567	180	10,978
Hungary . . . . .	31	597	1,203	1,040	0	704	0	11	3,585
<b>Other EU</b> . . . . .	<b>0</b>	<b>44</b>	<b>607</b>	<b>317</b>	<b>8</b>	<b>1,692</b>	<b>0</b>	<b>6</b>	<b>2,673</b>
<b>Other industrialised countries</b> . . . . .	<b>1,818</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>276</b>	<b>0</b>	<b>0</b>	<b>2,093</b>
<b>Emerging markets</b> . . . . .	<b>10</b>	<b>276</b>	<b>15</b>	<b>1</b>	<b>0</b>	<b>148</b>	<b>0</b>	<b>0</b>	<b>450</b>
South-Eastern Europe/ CIS . . . . .	0	104	15	0	0	142	0	0	262
Asia . . . . .	0	128	0	0	0	2	0	0	130
Latin America . . . . .	3	35	0	0	0	1	0	0	39
Middle East/Africa . . . . .	7	9	0	1	0	3	0	0	19
<b>Total</b> . . . . .	<b>2,556</b>	<b>7,799</b>	<b>16,371</b>	<b>4,267</b>	<b>236</b>	<b>13,016</b>	<b>623</b>	<b>881</b>	<b>45,748</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

Credit risk exposure to sovereigns by region and financial instrument as of 31 December 2011

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments		At fair value through profit or loss audited	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets					
<b>Core market</b> . . . . .	<b>1,516</b>	<b>7,772</b>	<b>12,192</b>	<b>4,184</b>	<b>343</b>	<b>7,280</b>	<b>166</b>	<b>1,257</b>	<b>34,709</b>
Austria . . . . .	0	3,960	842	58	0	3,511	51	777	9,201
Croatia . . . . .	642	783	86	138	0	497	0	56	2,202
Romania . . . . .	166	1,388	1,936	550	6	1,201	0	123	5,371
Serbia . . . . .	57	66	3	9	0	36	0	1	171
Slovakia . . . . .	0	235	2,597	552	46	998	2	4	4,435
Slovenia . . . . .	0	28	47	2	0	168	0	0	246
Czech Republic . . . . .	620	658	5,671	1,548	112	352	112	256	9,330
Ukraine . . . . .	0	36	0	0	0	0	0	0	36
Hungary . . . . .	30	618	1,010	1,326	179	516	0	39	3,718
<b>Other EU</b> . . . . .	<b>0</b>	<b>122</b>	<b>216</b>	<b>443</b>	<b>585</b>	<b>1,450</b>	<b>0</b>	<b>16</b>	<b>2,833</b>
<b>Other industrialised countries</b> . . . . .	<b>23</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>381</b>	<b>0</b>	<b>0</b>	<b>409</b>
<b>Emerging markets</b> . . . . .	<b>18</b>	<b>353</b>	<b>19</b>	<b>7</b>	<b>0</b>	<b>119</b>	<b>0</b>	<b>3</b>	<b>518</b>
South-Eastern Europe/ CIS . . . . .	0	115	18	6	0	112	0	3	254
Asia . . . . .	0	147	1	0	0	2	0	0	150
Latin America . . . . .	3	51	0	0	0	1	0	0	54
Middle East/Africa . . . . .	14	40	0	0	0	4	0	0	60
<b>Total</b> . . . . .	<b>1,556</b>	<b>8,247</b>	<b>12,427</b>	<b>4,638</b>	<b>928</b>	<b>9,230</b>	<b>166</b>	<b>1,276</b>	<b>38,468</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Credit risk exposure to sovereigns by region and financial instrument as of 31 December 2010*

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments			Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets	At fair value through profit or loss audited				
<b>Core market</b> . . . . .	<b>4,925</b>	<b>7,204</b>	<b>9,318</b>	<b>3,603</b>	<b>153</b>	<b>4,940</b>	<b>189</b>	<b>1,482</b>	<b>31,813</b>
Austria . . . . .	544	3,703	399	218	2	2,627	28	819	8,341
Croatia . . . . .	529	484	98	173	0	334	1	6	1,626
Romania . . . . .	0	1,590	1,381	606	6	894	1	179	4,657
Serbia . . . . .	4	72	37	10	0	0	0	0	124
Slovakia . . . . .	0	69	2,140	753	7	849	2	54	3,873
Slovenia . . . . .	0	20	29	0	0	65	0	21	134
Czech Republic . . . . .	3,751	699	4,097	1,110	126	30	152	363	10,329
Ukraine . . . . .	0	32	0	0	0	0	0	0	32
Hungary . . . . .	96	535	1,135	732	12	140	5	40	2,696
<b>Other EU</b> . . . . .	<b>0</b>	<b>136</b>	<b>424</b>	<b>309</b>	<b>1,181</b>	<b>909</b>	<b>8</b>	<b>66</b>	<b>3,034</b>
<b>Other industrialised countries</b> . . . . .	<b>23</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>276</b>	<b>0</b>	<b>25</b>	<b>324</b>
<b>Emerging markets</b> . . . . .	<b>40</b>	<b>264</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>105</b>	<b>16</b>	<b>1</b>	<b>429</b>
South-Eastern Europe/ CIS . . . . .	0	72	2	0	0	96	0	0	170
Asia . . . . .	0	99	0	0	0	3	16	0	118
Latin America . . . . .	3	58	0	0	0	1	0	0	62
Middle East/Africa . . . . .	37	35	0	0	0	6	0	1	79
<b>Total without EIR restatement</b> . . . . .	<b>4,988</b>	<b>7,605</b>	<b>9,744</b>	<b>3,912</b>	<b>1,334</b>	<b>6,230</b>	<b>213</b>	<b>1,574</b>	<b>35,599</b>
<b>EIR restatement</b> . . . . .									<b>0</b>
<b>Total</b> . . . . .									<b>35,599</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

***Credit risk exposure to institutions by region and financial instrument***

The following tables present Erste Group's credit risk exposure to institutions by region and financial instrument as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively. The assignment of obligors to institutions is based on Basel 2 exposure classes.

*Credit risk exposure to institutions by region and financial instrument as of 31 March 2013*

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments			Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets	At fair value through profit or loss unaudited				
<b>Core market</b> . . . . .	<b>1,693</b>	<b>48</b>	<b>435</b>	<b>177</b>	<b>33</b>	<b>1,103</b>	<b>653</b>	<b>141</b>	<b>4,283</b>
Austria . . . . .	917	24	290	168	33	939	441	124	2,936
Croatia . . . . .	87	6	0	0	0	0	1	0	94
Romania . . . . .	129	0	0	3	0	0	13	0	145
Serbia . . . . .	0	0	0	0	0	0	0	0	0
Slovakia . . . . .	54	0	2	0	0	80	15	0	151
Slovenia . . . . .	3	0	0	0	0	4	1	2	10
Czech Republic . . . . .	446	0	143	0	0	80	171	10	850
Hungary . . . . .	57	18	0	6	0	0	12	3	95
<b>Other EU</b> . . . . .	<b>8,005</b>	<b>0</b>	<b>742</b>	<b>119</b>	<b>60</b>	<b>2,273</b>	<b>9,023</b>	<b>36</b>	<b>20,259</b>
<b>Other industrialised countries</b> . . . . .	<b>253</b>	<b>0</b>	<b>94</b>	<b>8</b>	<b>40</b>	<b>204</b>	<b>369</b>	<b>5</b>	<b>971</b>
<b>Emerging markets</b> . . . . .	<b>426</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>61</b>	<b>500</b>
South-Eastern Europe/ CIS . . . . .	83	0	0	0	0	1	0	28	112
Asia . . . . .	279	0	10	0	0	0	2	27	318
Latin America . . . . .	2	0	0	0	0	0	0	1	3
Middle East/Africa . . . . .	62	0	0	0	0	0	0	5	67
<b>Total</b> . . . . .	<b>10,377</b>	<b>48</b>	<b>1,281</b>	<b>303</b>	<b>133</b>	<b>3,581</b>	<b>10,047</b>	<b>242</b>	<b>26,013</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

*Credit risk exposure to institutions by region and financial instrument as of 31 December 2012*

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments			Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets	At fair value through profit or loss audited				
<b>Core market</b> . . . . .	<b>2,227</b>	<b>52</b>	<b>817</b>	<b>252</b>	<b>83</b>	<b>1,810</b>	<b>699</b>	<b>163</b>	<b>6,102</b>
Austria . . . . .	1,087	25	285	249	57	1,003	465	98	3,268
Croatia . . . . .	38	3	0	0	0	0	3	0	44
Romania . . . . .	37	1	2	2	0	0	15	52	109
Serbia . . . . .	12	4	0	0	0	1	0	0	17
Slovakia . . . . .	51	0	2	0	0	62	16	0	131
Slovenia . . . . .	19	0	0	0	0	4	1	2	27
Czech Republic . . . . .	883	0	527	0	26	739	194	7	2,376
Hungary . . . . .	101	20	0	0	0	0	5	3	129
<b>Other EU</b> . . . . .	<b>3,625</b>	<b>0</b>	<b>801</b>	<b>101</b>	<b>89</b>	<b>2,405</b>	<b>10,601</b>	<b>32</b>	<b>17,653</b>
<b>Other industrialised countries</b> . . . . .	<b>236</b>	<b>0</b>	<b>93</b>	<b>8</b>	<b>40</b>	<b>209</b>	<b>504</b>	<b>6</b>	<b>1,095</b>
<b>Emerging markets</b> . . . . .	<b>416</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>66</b>	<b>496</b>
South-Eastern Europe/ CIS . . . . .	80	0	0	0	0	1	0	32	113
Asia . . . . .	279	0	10	0	0	0	2	23	315
Latin America . . . . .	1	0	0	0	0	0	0	2	3
Middle East/Africa . . . . .	56	0	0	0	0	0	0	9	66
<b>Total</b> . . . . .	<b>6,504</b>	<b>52</b>	<b>1,720</b>	<b>360</b>	<b>211</b>	<b>4,425</b>	<b>11,806</b>	<b>267</b>	<b>25,346</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.



Credit risk exposure to institutions by region and financial instrument as of 31 December 2011

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments		At fair value through profit or loss audited	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets					
<b>Core market</b>	<b>1,808</b>	<b>120</b>	<b>890</b>	<b>380</b>	<b>62</b>	<b>2,614</b>	<b>588</b>	<b>441</b>	<b>6,903</b>
Austria	660	3	307	280	57	1,394	417	337	3,455
Croatia	51	4	0	11	0	0	3	0	68
Romania	28	0	0	2	0	0	2	50	82
Serbia	17	3	0	0	0	0	0	0	20
Slovakia	5	0	2	0	1	75	15	0	98
Slovenia	86	0	10	0	0	85	0	2	184
Czech Republic	871	63	526	0	4	830	143	13	2,450
Ukraine	31	0	0	86	0	227	0	0	344
Hungary	59	48	45	2	0	2	8	38	202
<b>Other EU</b>	<b>1,879</b>	<b>39</b>	<b>1,150</b>	<b>172</b>	<b>198</b>	<b>2,494</b>	<b>8,753</b>	<b>27</b>	<b>14,711</b>
<b>Other industrialised countries</b>	<b>1,290</b>	<b>0</b>	<b>164</b>	<b>21</b>	<b>48</b>	<b>318</b>	<b>510</b>	<b>10</b>	<b>2,361</b>
<b>Emerging markets</b>	<b>1,031</b>	<b>15</b>	<b>183</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>3</b>	<b>32</b>	<b>1,271</b>
South-Eastern Europe/ CIS	138	0	0	0	0	1	0	1	141
Asia	412	0	55	0	0	0	2	11	480
Latin America	32	15	0	0	0	0	0	0	48
Middle East/Africa	448	0	129	0	0	5	0	20	602
<b>Total</b>	<b>6,008</b>	<b>174</b>	<b>2,388</b>	<b>573</b>	<b>309</b>	<b>5,432</b>	<b>9,853</b>	<b>509</b>	<b>25,246</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

Credit risk exposure to institutions by region and financial instrument as of 31 December 2010

in € million	Loans and advances to credit institutions	Loans and advances to customers at amortised cost	Debt instruments		At fair value through profit or loss audited	Available for sale fair value	Positive fair value of derivative financial instruments	Contingent credit liabilities	Credit risk exposure
			Held to maturity	Trading assets					
<b>Core market</b>	<b>3,388</b>	<b>50</b>	<b>824</b>	<b>476</b>	<b>71</b>	<b>2,458</b>	<b>632</b>	<b>527</b>	<b>8,425</b>
Austria	1,264	8	273	370	66	1,449	482	424	4,336
Croatia	136	5	0	11	0	0	1	5	158
Romania	318	0	0	1	0	0	3	0	323
Serbia	9	3	0	0	0	0	0	0	11
Slovakia	2	0	27	10	1	41	15	0	95
Slovenia	155	0	10	14	0	92	0	4	275
Czech Republic	1,312	0	457	9	4	706	121	1	2,610
Ukraine	14	0	0	53	0	151	0	1	219
Hungary	179	34	57	8	0	19	11	91	397
<b>Other EU</b>	<b>2,389</b>	<b>73</b>	<b>1,473</b>	<b>229</b>	<b>375</b>	<b>1,965</b>	<b>6,545</b>	<b>126</b>	<b>13,174</b>
<b>Other industrialised countries</b>	<b>633</b>	<b>0</b>	<b>291</b>	<b>58</b>	<b>53</b>	<b>377</b>	<b>492</b>	<b>31</b>	<b>1,936</b>
<b>Emerging markets</b>	<b>1,085</b>	<b>23</b>	<b>527</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>68</b>	<b>1,711</b>
South-Eastern Europe/ CIS	169	0	0	0	0	3	0	1	174
Asia	345	0	182	0	0	0	5	23	555
Latin America	53	23	10	0	0	0	0	0	86
Middle East/Africa	517	0	335	0	0	0	0	43	896
<b>Total without EIR restatement</b>	<b>7,494</b>	<b>146</b>	<b>3,115</b>	<b>763</b>	<b>500</b>	<b>4,803</b>	<b>7,674</b>	<b>752</b>	<b>25,246</b>
<b>EIR restatement</b>									<b>0</b>
<b>Total</b>									<b>25,246</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

### **Non-performing credit risk exposure, risk provisions and collateral**

Erste Group allocates provisions for credit risk losses. It has established a common framework, referred to as Group IFRS Principles for Credit Risk Loss Provisions, which defines minimum standards and principles for credit risk provisioning related to processes and measurement. According to the underlying methodological standards, the framework distinguishes between

- loan loss provisions allocated for financial assets carried at amortised cost according to IAS 39 requirements, and
- contingent credit risk provisions allocated for contingent credit liabilities reflecting IAS 37 principles.

In both areas, risk provisions are further split into specific and portfolio provisions, whereby specific provisions are allocated for defaulted and portfolio provisions for non-defaulted customers or products. Portfolio loan loss provisions are calculated according to the incurred but not reported losses methodology. Specific loan loss provisions are calculated by estimating future cash flows, including collateral recoveries, and discounting these by the original effective interest rate. Contingent credit risk provisions are based on expected loss methodology.

The following table shows the credit risk provisions divided into specific and portfolio provisions and provisions for guarantees as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively:

in € million	As of	As of 31 December		
	31 March 2013 unaudited	2012	2011	2010
Specific provisions <sup>(1)</sup>	6,971	6,940	6,113	5,315
Portfolio provisions <sup>(2)</sup>	724	704	914	804
Provisions for guarantees <sup>(3)</sup>	212	186	186	186
<b>Total</b>	<b>7,907</b>	<b>7,830</b>	<b>7,213</b>	<b>6,305</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

(1) Shown as "Specific loan loss provisions" in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.

(2) Shown as "Portfolio loan loss provisions" in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.

(3) Shown as "Provisions for contingent credit risk liabilities" in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.

Credit risk provisions covered 62.2% of the reported non-performing credit risk exposure as of 31 December 2012. For the portion of the non-performing credit risk exposure that is not covered by provisions, Erste Group assumes there are sufficient levels of collateral and expected other recoveries.

In the twelve months ended 31 December 2012, the non-performing credit risk exposure increased by approximately €800 million, or 6.7%, from €11.8 billion as of 31 December 2011 to €12.6 billion as of 31 December 2012. Credit risk provisions were increased by €617 million, or 8.5%, from €7.2 billion as of 31 December 2011 to €7.8 billion as of 31 December 2012. These movements resulted in a net increase in coverage of the non-performing credit risk exposure by 1.1 percentage points from 61.1% to 62.2%.

The following tables show the coverage of the non-performing credit risk exposure across the reporting segments by credit risk provisions (without taking into consideration collateral) as of 31 December 2012, 2011 and 2010, respectively. The differences in provisioning levels for the segments result from the risk situation in the respective markets, different levels of collateralisation, and local legal environments and regulatory requirements.

The non-performing credit risk exposure ratio (NPE ratio) is calculated by dividing non-performing credit risk exposure by total credit risk exposure. The non-performing credit risk exposure coverage ratio (NPE coverage ratio) is calculated by dividing credit risk provisions by non-performing credit risk exposure. Collateral or other recoveries are not taken into account.

*Non-performing credit risk exposure by segment and credit risk provisions as of 31 March 2013*

in € million (unless indicated otherwise)	Credit risk exposure			Non-performing credit risk exposure ratio	Non-performing credit risk exposure coverage ratio
	Non-performing	Credit risk exposure	Credit risk provisions unaudited		
<b>Retail &amp; SME</b> . . . . .	<b>10,956</b>	<b>158,803</b>	<b>6,842</b>	<b>6.9%</b>	<b>62.4%</b>
Austria . . . . .	3,745	86,472	2,304	4.3%	61.5%
Erste Bank Oesterreich . . . . .	1,096	35,040	718	3.1%	65.6%
Savings Banks <sup>(1)</sup> . . . . .	2,649	51,432	1,585	5.2%	59.9%
Central and Eastern Europe . . . . .	7,212	72,331	4,538	10.0%	62.9%
Czech Republic . . . . .	934	31,407	700	3.0%	75.0%
Romania . . . . .	3,131	14,593	1,878	21.5%	60.0%
Slovakia . . . . .	411	11,174	359	3.7%	87.1%
Hungary . . . . .	1,526	6,066	969	25.2%	63.5%
Croatia . . . . .	1,136	8,288	571	13.7%	50.3%
Serbia . . . . .	74	804	61	9.3%	82.1%
<b>Group Corporate and Investment</b>					
Banking . . . . .	1,686	25,333	1,059	6.7%	62.8%
<b>Group Markets</b> . . . . .	<b>3</b>	<b>25,629</b>	<b>0</b>	<b>0.0%</b>	<b>10.4%</b>
<b>Corporate Center</b> . . . . .	<b>2</b>	<b>9,311</b>	<b>6</b>	<b>0.0%</b>	<b>345.8%</b>
<b>Total Group</b> . . . . .	<b>12,647</b>	<b>219,077</b>	<b>7,907</b>	<b>5.8%</b>	<b>62.5%</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

*Non-performing credit risk exposure by segment and credit risk provisions as of 31 December 2012*

in € million (unless indicated otherwise)	Credit risk exposure			Non-performing credit risk exposure ratio	Non-performing credit risk exposure coverage ratio
	Non-performing	Credit risk exposure	Credit risk provisions audited		
<b>Retail &amp; SME</b> . . . . .	<b>11,069</b>	<b>161,413</b>	<b>6,821</b>	<b>6.9%</b>	<b>61.6%</b>
Austria . . . . .	3,816	87,313	2,343	4.4%	61.4%
Erste Bank Oesterreich . . . . .	1,134	35,169	740	3.2%	65.3%
Savings Banks <sup>(1)</sup> . . . . .	2,682	52,145	1,603	5.1%	59.8%
Central and Eastern Europe . . . . .	7,253	74,100	4,478	9.8%	61.7%
Czech Republic . . . . .	989	32,758	707	3.0%	71.4%
Romania . . . . .	3,086	15,007	1,784	20.6%	57.8%
Slovakia . . . . .	448	10,971	376	4.1%	83.9%
Hungary . . . . .	1,575	6,382	1,009	24.7%	64.1%
Croatia . . . . .	1,085	8,246	543	13.2%	50.0%
Serbia . . . . .	69	736	59	9.4%	85.7%
<b>Group Corporate and Investment</b>					
Banking . . . . .	1,521	26,117	1,003	5.8%	66.0%
<b>Group Markets</b> . . . . .	<b>2</b>	<b>22,688</b>	<b>0</b>	<b>0.0%</b>	<b>9.8%</b>
<b>Corporate Center</b> . . . . .	<b>3</b>	<b>9,450</b>	<b>5</b>	<b>0.0%</b>	<b>192.1%</b>
<b>Total</b> . . . . .	<b>12,595</b>	<b>219,668</b>	<b>7,830</b>	<b>5.7%</b>	<b>62.2%</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

(1) Designated as *Haftungsverbund* (Cross Guarantee System) in the consolidated financial statements as of and for the financial year ended 31 December 2012.

Non-performing credit risk exposure by segment and credit risk provisions as of 31 December 2011

in € million (unless indicated otherwise)	Credit risk exposure			Non-performing credit risk exposure ratio	Non-performing credit risk exposure coverage ratio
	Non-performing	Credit risk exposure	Credit risk provisions audited		
<b>Retail &amp; SME</b> . . . . .	<b>10,395</b>	<b>162,902</b>	<b>6,390</b>	<b>6.4%</b>	<b>61.5%</b>
Austria . . . . .	3,854	90,597	2,346	4.3%	60.9%
Erste Bank Oesterreich . . . . .	1,148	37,716	735	3.0%	64.0%
Savings Banks . . . . .	2,706	52,881	1,611	5.1%	59.5%
Central and Eastern Europe . . . . .	6,541	72,305	4,044	9.0%	61.8%
Czech Republic . . . . .	975	30,284	674	3.2%	69.1%
Romania . . . . .	2,579	14,699	1,283	17.5%	49.8%
Slovakia . . . . .	498	10,189	399	4.9%	80.2%
Hungary . . . . .	1,504	7,324	1,055	20.5%	70.2%
Croatia . . . . .	764	8,216	425	9.3%	55.6%
Serbia . . . . .	59	718	54	8.3%	91.1%
Ukraine . . . . .	161	873	154	18.5%	95.3%
<b>Group Corporate and Investment Banking</b> . . . . .	<b>1,398</b>	<b>29,708</b>	<b>818</b>	<b>4.7%</b>	<b>58.5%</b>
<b>Group Markets</b> . . . . .	<b>3</b>	<b>19,169</b>	<b>0</b>	<b>0.0%</b>	<b>1.7%</b>
<b>Corporate Center</b> . . . . .	<b>4</b>	<b>7,679</b>	<b>6</b>	<b>0.1%</b>	<b>139.3%</b>
<b>Total</b> . . . . .	<b>11,800</b>	<b>219,457</b>	<b>7,213</b>	<b>5.4%</b>	<b>61.1%</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

Non-performing credit risk exposure by segment and credit risk provisions as of 31 December 2010

in € million (unless indicated otherwise)	Credit risk exposure			Non-performing credit risk exposure ratio	Non-performing credit risk exposure coverage ratio
	Non-performing	Credit risk exposure	Credit risk provisions audited		
<b>Retail &amp; SME</b> . . . . .	<b>9,191</b>	<b>159,065</b>	<b>5,570</b>	<b>5.8%</b>	<b>60.6%</b>
Austria . . . . .	3,956	89,591	2,350	4.4%	59.4%
Erste Bank Oesterreich . . . . .	1,217	37,547	745	3.2%	61.2%
Savings Banks . . . . .	2,739	52,044	1,605	5.3%	58.6%
Central and Eastern Europe . . . . .	5,235	69,474	3,220	7.5%	61.5%
Czech Republic . . . . .	1,064	27,603	731	3.9%	68.7%
Romania . . . . .	2,030	15,266	1,102	13.3%	54.3%
Slovakia . . . . .	462	9,377	383	4.9%	82.8%
Hungary . . . . .	937	8,149	471	11.5%	50.2%
Croatia . . . . .	560	7,786	340	7.2%	60.7%
Serbia . . . . .	44	568	45	7.8%	102.4%
Ukraine . . . . .	138	725	148	19.0%	107.6%
<b>Group Corporate and Investment Banking</b> . . . . .	<b>1,244</b>	<b>31,183</b>	<b>703</b>	<b>4.0%</b>	<b>56.5%</b>
<b>Group Markets</b> . . . . .	<b>6</b>	<b>19,570</b>	<b>1</b>	<b>0.0%</b>	<b>10.5%</b>
<b>Corporate Center</b> . . . . .	<b>45</b>	<b>7,142</b>	<b>33</b>	<b>0.6%</b>	<b>72.1%</b>
<b>Total without EIR restatement</b> . . . . .	<b>10,486</b>	<b>216,960</b>	<b>6,307</b>	<b>4.8%</b>	<b>60.1%</b>
<b>EIR restatement<sup>(1)</sup></b> . . . . .		<b>(395)</b>			
<b>Total</b> . . . . .	<b>10,486</b>	<b>216,565</b>	<b>6,307</b>	<b>4.8%</b>	<b>60.1%</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

### ***Restructuring***

Erste Group focuses on early identification of customers who are facing difficulties with payments or other loan-related obligations with the aim of restructuring their loans if the mid- to long-term outlook is positive. It believes that this can help to build customer loyalty for long-term relationships and co-operation. In principle, Erste Group follows a policy of restructuring by lengthening maturity and/or by deferring capital repayment but insisting on payment of interest. Restructured exposures are deemed to be performing as long as there arises no loss for the bank. If the agreed restructuring measures lead to a forbearance of debts, the borrower is rated as defaulted and the exposure is classified as non-performing. Currently, Erste Group is working on an implementation of the requirements which, for the topic restructurings, arise from the ESMA publication "Treatment of Forbearance Practices in IFRS Financial Statements of Financial Institutions".

### ***Recognition of collateral***

In 2011, the Collateral Management Department was created as a staff unit within Erste Group's Corporate Workout business area. The adopted "Standards and Rules for Collateral Management" define, among other things, uniform valuation standards for credit collateral across the entire group. These ensure both that the requirements of credit risk mitigation are met and that the credit risk decision processes are standardised with respect to those assets recognised as collateral.

All collateral types acceptable within Erste Group are given in an exhaustive list in the Group Collateral Catalogue. Locally permitted collateral is defined by the respective bank in accordance with applicable national legal provisions. The valuation and revaluation of collateral is done according to the principles defined in the Group Collateral Catalogue broken down by class and based on the internal work instructions in accordance with the individual supervisory requirements. Whether a type of security or a specific collateral asset is accepted for credit risk mitigation is decided by Strategic Risk Management after determining if the applicable regulatory capital requirements are met. Adherence to the standard work processes stipulated for assigning the acceptable collateral assets to the categories available is monitored by operative risk management.

### ***Main types of collateral***

The following types of collateral are the most frequently accepted:

- Real estate: This includes both private and commercial real estate.
- Financial collateral: This category includes primarily securities portfolios and cash deposits as well as life insurance policies.
- Guarantees: Guarantees are provided mainly by states, banks and companies. All guarantors must have a minimum credit rating that is reviewed annually.
- Other types of collateral such as real collateral in the form of movable property or the assignment of receivables are accepted less frequently.

### ***Collateral valuation and management***

Collateral valuation is based on current market prices while taking into account an amount that can be recovered within a reasonable period. The valuation processes are defined and technically implemented by authorised staff with the assistance of software applications. Only independent appraisers not involved in the lending decision process are permitted to conduct real estate valuations, and the valuation methods to be applied are defined. For quality assurance purposes, the real estate valuations are validated on an ongoing basis.

The methods and discounts used for valuations are based on empirical data representing past experience of the workout departments and on the collected data on loss recovery from

realising collateral. The valuation methods are adjusted at least annually to reflect current recoveries. Financial collateral assets are recognised at market value.

The revaluation of collateral is done periodically and is automated as far as possible. In the case of external data sources, the appropriate interfaces are used. The maximum periods for the revaluation of individual collateral assets are predefined and compliance is monitored by risk management using software applications. Apart from periodic revaluations, collateral is assessed when information becomes available that indicates a decrease in the value of the collateral for exceptional reasons.

Concentration risks resulting from credit risk mitigation techniques may affect a single customer, but also a portfolio defined by region, industry or type of security. Erste Group is a retail bank, and, due to its customer structure and the markets in which it does business, it does not have any concentrations with respect to collateral from customers. Concerning other areas of a potentially detrimental correlation of risks, the collateral portfolios are analysed using statistical evaluations for, among other things, regional or industry-specific concentrations within the scope of portfolio monitoring. Early warning tools play an important role. The response to those risks identified includes, above all, the adjustment of volume targets, setting of corresponding limits and modification of the staff's discretionary limits for lending.

Collateral obtained in foreclosure procedures is made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding claim. Generally, Erste Group does not occupy repossessed properties for its own business use. The main part of assets taken onto its own books are commercial land and buildings. In addition, privately occupied properties and transport vehicles are taken into Erste Group's possession. As of 31 December 2012, the carrying value of these assets amounted to €493 million (2011: €312 million).

The following tables compare the credit risk exposure by segment as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively, to the collateral received:

*Credit risk exposure by segment and collateral as of 31 March 2013*

in € million	Credit risk exposure	Collaterals total	Collateral and other credit risk mitigation			Credit risk exposure excluding collateral
			Guarantees unaudited	Real estate	Other	
<b>Retail &amp; SME</b> . . . . .	<b>158,803</b>	<b>74,129</b>	<b>5,527</b>	<b>56,251</b>	<b>12,350</b>	<b>84,675</b>
Austria . . . . .	86,472	45,171	3,763	33,191	8,216	41,302
EB Oesterreich . . . . .	35,040	21,364	1,992	14,996	4,376	13,676
Savings Banks . . . . .	51,432	23,806	1,771	18,195	3,840	27,626
CEE . . . . .	72,331	28,958	1,764	23,060	4,134	43,373
Czech Republic . . . . .	31,407	9,685	716	8,040	930	21,721
Romania . . . . .	14,593	7,195	674	4,392	2,128	7,398
Slovakia . . . . .	11,174	5,143	95	4,780	269	6,031
Hungary . . . . .	6,066	3,660	66	3,066	528	2,406
Croatia . . . . .	8,288	2,997	174	2,594	229	5,291
Serbia . . . . .	804	278	41	188	50	526
<b>Group Corporate &amp; Investment Banking</b> . . . . .	<b>25,333</b>	<b>8,735</b>	<b>1,849</b>	<b>5,478</b>	<b>1,408</b>	<b>16,598</b>
<b>Group Markets</b> . . . . .	<b>25,629</b>	<b>8,556</b>	<b>240</b>	<b>0</b>	<b>8,316</b>	<b>17,073</b>
<b>Corporate Center</b> . . . . .	<b>9,311</b>	<b>846</b>	<b>386</b>	<b>103</b>	<b>357</b>	<b>8,465</b>
<b>Total Group</b> . . . . .	<b>219,077</b>	<b>92,266</b>	<b>8,002</b>	<b>61,832</b>	<b>22,431</b>	<b>126,811</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.



Credit risk exposure by segment and collateral as of 31 December 2012

in € million	Credit risk exposure	Collaterals total	Collateral and other credit risk mitigation <sup>(1)</sup>			Credit risk exposure excluding collateral
			Guarantees	Real estate audited	Other	
<b>Retail &amp; SME</b> . . . . .	<b>161,413</b>	<b>74,357</b>	<b>5,574</b>	<b>57,910</b>	<b>10,873</b>	<b>87,056</b>
Austria . . . . .	87,313	45,061	3,850	34,731	6,480	42,252
EB Oesterreich . . . . .	35,169	21,367	1,989	16,464	2,915	13,801
Savings Banks . . . . .	52,145	23,694	1,861	18,267	3,565	28,451
CEE . . . . .	74,100	29,296	1,724	23,179	4,393	44,803
Czech Republic . . . . .	32,758	9,674	658	7,998	1,017	23,084
Romania . . . . .	15,007	7,456	690	4,483	2,284	7,551
Slovakia . . . . .	10,971	4,971	58	4,641	272	6,000
Hungary . . . . .	6,382	3,931	94	3,310	526	2,451
Croatia . . . . .	8,246	2,995	183	2,569	243	5,251
Serbia . . . . .	736	269	41	178	51	467
<b>Group Corporate &amp; Investment Banking</b> . . .	<b>26,117</b>	<b>9,144</b>	<b>1,817</b>	<b>5,664</b>	<b>1,663</b>	<b>16,974</b>
<b>Group Markets</b> . . . . .	<b>22,688</b>	<b>3,502</b>	<b>169</b>	<b>0</b>	<b>3,332</b>	<b>19,186</b>
<b>Corporate Center</b> . . . . .	<b>9,450</b>	<b>826</b>	<b>404</b>	<b>55</b>	<b>367</b>	<b>8,624</b>
<b>Total</b> . . . . .	<b>219,668</b>	<b>87,828</b>	<b>7,963</b>	<b>63,629</b>	<b>16,235</b>	<b>131,840</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

(1) Shown as "collateralised by" in the consolidated financial statements as of and for the financial year ended 31 December 2012.

Credit risk exposure by segment and collateral as of 31 December 2011

in € million	Credit risk exposure	Collaterals total	Collateral and other credit risk mitigation			Credit risk exposure excluding collateral
			Guarantees	Real estate audited	Other	
<b>Retail &amp; SME</b> . . . . .	<b>162,902</b>	<b>74,408</b>	<b>5,280</b>	<b>57,111</b>	<b>12,016</b>	<b>88,494</b>
Austria . . . . .	90,597	44,083	4,168	33,681	6,234	46,514
EB Oesterreich . . . . .	37,716	21,205	2,149	16,290	2,767	16,511
Savings Banks . . . . .	52,881	22,878	2,019	17,392	3,467	30,003
CEE . . . . .	72,305	30,325	1,112	23,430	5,782	41,980
Czech Republic . . . . .	30,284	8,713	549	7,297	867	21,571
Romania . . . . .	14,699	8,749	185	5,071	3,494	5,949
Slovakia . . . . .	10,189	4,567	74	4,187	306	5,623
Hungary . . . . .	7,324	4,485	83	3,673	729	2,840
Croatia . . . . .	8,216	3,099	181	2,703	215	5,117
Serbia . . . . .	718	285	41	192	53	433
Ukraine . . . . .	873	425	0	307	119	448
<b>Group Corporate &amp; Investment Banking</b> . . .	<b>29,708</b>	<b>9,442</b>	<b>2,220</b>	<b>5,807</b>	<b>1,415</b>	<b>20,266</b>
<b>Group Markets</b> . . . . .	<b>19,169</b>	<b>2,343</b>	<b>110</b>	<b>0</b>	<b>2,233</b>	<b>16,826</b>
<b>Corporate Center</b> . . . . .	<b>7,679</b>	<b>768</b>	<b>570</b>	<b>22</b>	<b>177</b>	<b>6,910</b>
<b>Total</b> . . . . .	<b>219,457</b>	<b>86,961</b>	<b>8,181</b>	<b>62,940</b>	<b>15,840</b>	<b>132,496</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011.

Credit risk exposure by segment and collateral as of 31 December 2010

in € million	Credit risk exposure	Collaterals total	Collateral and other credit risk mitigation			Credit risk exposure excluding collateral
			Guarantees	Real estate audited	Other	
<b>Retail &amp; SME</b> . . . . .	<b>159,065</b>	<b>73,992</b>	<b>5,082</b>	<b>56,934</b>	<b>11,976</b>	<b>85,073</b>
Austria . . . . .	89,591	42,708	4,018	32,493	6,197	46,883
EB Oesterreich . . . . .	37,547	20,511	1,977	15,729	2,805	17,036
Savings Banks . . . . .	52,044	22,197	2,041	16,764	3,392	29,847
CEE . . . . .	69,474	31,285	1,064	24,441	5,780	38,189
Czech Republic . . . . .	27,603	9,328	645	7,843	840	18,275
Romania . . . . .	15,266	8,610	160	5,215	3,236	6,656
Slovakia . . . . .	9,377	4,155	80	3,814	261	5,222
Hungary . . . . .	8,149	5,566	97	4,452	1,017	2,583
Croatia . . . . .	7,786	2,927	81	2,607	240	4,859
Serbia . . . . .	568	253	1	196	56	315
Ukraine . . . . .	725	445	0	316	129	280
<b>Group Corporate &amp; Investment Banking</b> . . . . .	<b>31,183</b>	<b>9,501</b>	<b>1,855</b>	<b>6,183</b>	<b>1,463</b>	<b>21,682</b>
<b>Group Markets</b> . . . . .	<b>19,570</b>	<b>4,181</b>	<b>166</b>	<b>0</b>	<b>4,015</b>	<b>15,389</b>
<b>Corporate Center</b> . . . . .	<b>7,142</b>	<b>552</b>	<b>513</b>	<b>5</b>	<b>33</b>	<b>6,590</b>
<b>Total without EIR restatement</b> . . . . .	<b>216,960</b>	<b>88,227</b>	<b>7,616</b>	<b>63,122</b>	<b>17,488</b>	<b>128,733</b>
<b>EIR restatement<sup>(1)</sup></b> . . . . .	<b>(395)</b>					<b>(395)</b>
<b>Total</b> . . . . .	<b>216,565</b>	<b>88,227</b>	<b>7,616</b>	<b>63,122</b>	<b>17,488</b>	<b>128,338</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

The following tables show Erste Group's credit risk exposure which was past due but for which specific provisions had not been established as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively. The tables on collateral and other credit risk mitigation are available only as of 31 December 2012 and 2011 while no comparable information exists as of 31 December 2010.

*Credit risk exposure by financial instrument and collateral as of 31 March 2013*

in € million	Credit risk exposure	Collateral total	Collateralised by			Credit risk exposure net of collateral
			Guarantees unaudited	Real estate	Other	
Loans and advances to credit institutions . . . . .	11,964	6,680	124	2	6,555	5,284
Loans and advances to customers . . . . .	130,335	78,072	5,791	59,742	12,539	52,262
Debt instruments—Held to maturity . . . . .	19,028	412	373	39	0	18,617
Debt instruments—Trading assets . . . . .	6,204	236	236	0	0	5,969
Debt instruments—At fair value through profit or loss . . . . .	416	0	0	0	0	416
Debt instruments—Available for sale . . . . .	19,069	1,148	1,076	0	72	17,921
Positive fair value of derivative financial instruments . . . . .	11,429	2,083	0	0	2,083	9,346
Contingent credit liabilities	20,630	3,635	402	2,049	1,183	16,996
<b>Total . . . . .</b>	<b>219,077</b>	<b>92,266</b>	<b>8,002</b>	<b>61,832</b>	<b>22,431</b>	<b>126,811</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

*Credit risk exposure by financial instrument and collateral as of 31 December 2012*

in € million	Credit risk exposure	Collateral total	Collateralised by			Credit risk exposure net of collateral
			Guarantees audited	Real estate	Other	
Loans and advances to credit institutions . . . . .	9,074	1,553	119	2	1,432	7,521
Loans and advances to customers . . . . .	131,928	78,566	5,766	61,503	11,296	53,362
Debt instruments—Held to maturity . . . . .	18,975	410	373	35	2	18,565
Debt instruments—Trading assets . . . . .	4,872	165	165	0	0	4,707
Debt instruments—At fair value through profit or loss . . . . .	526	0	0	0	0	526
Debt instruments—Available for sale . . . . .	20,225	1,206	1,132	0	74	19,019
Positive fair value of derivative financial instruments . . . . .	13,289	2,264	0	0	2,264	11,025
Contingent credit liabilities	20,779	3,664	408	2,089	1,167	17,115
<b>Total . . . . .</b>	<b>219,668</b>	<b>87,828</b>	<b>7,963</b>	<b>63,629</b>	<b>16,235</b>	<b>131,840</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

*Credit risk exposure by financial instrument and collateral as of 31 December 2011*

in € million	Credit risk exposure	Collateral total	Collateralised by			Credit risk exposure net of collateral
			Guarantees audited	Real estate	Other	
Loans and advances to credit institutions . . . . .	7,578	1,016	157	1	858	6,562
Loans and advances to customers . . . . .	134,750	77,933	5,311	60,626	11,996	56,817
Debt instruments—Held to maturity . . . . .	16,074	638	556	73	9	15,436
Debt instruments—Trading assets . . . . .	5,471	106	106	0	0	5,365
Debt instruments—At fair value through profit or loss . . . . .	1,502	0	0	0	0	1,502
Debt instruments—Available for sale . . . . .	17,654	1,499	1,442	57	0	16,155
Positive fair value of derivative financial instruments . . . . .	10,931	1,528	0	0	1,528	9,403
Contingent credit liabilities	25,499	4,241	609	2,182	1,449	21,258
<b>Total . . . . .</b>	<b>219,457</b>	<b>86,961</b>	<b>8,181</b>	<b>62,940</b>	<b>15,840</b>	<b>132,496</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011.

*Credit risk exposure past due and not covered by specific provisions by Basel 2 exposure class and collateralisation as of 31 March 2013*

	Credit risk exposure			thereof collateralised		
	Total	thereof 91-180 days past due	thereof more than 180 days past due unaudited	Total	thereof 91-180 days past due	thereof more than 180 days past due
<b>in € million</b>						
Sovereigns . . . . .	124	74	49	59	37	22
Institutions . . . . .	0	0	0	0	0	0
Corporates . . . . .	166	42	123	107	21	87
Retail . . . . .	193	69	123	133	42	91
<b>Total . . . . .</b>	<b>482</b>	<b>187</b>	<b>296</b>	<b>299</b>	<b>100</b>	<b>199</b>

Source: Internal information of Erste Group Bank.

*Credit risk exposure past due and not covered by specific provisions by Basel 2 exposure class and collateralisation as of 31 December 2012*

	Credit risk exposure			thereof collateralised		
	Total	thereof 91-180 days past due	thereof more than 180 days past due audited	Total	thereof 91-180 days past due	thereof more than 180 days past due
<b>in € million</b>						
Sovereigns . . . . .	88	20	68	41	11	30
Institutions . . . . .	0	0	0	0	0	0
Corporates . . . . .	258	113	146	171	75	96
Retail . . . . .	167	65	103	115	35	80
<b>Total . . . . .</b>	<b>513</b>	<b>197</b>	<b>316</b>	<b>327</b>	<b>121</b>	<b>206</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

*Credit risk exposure past due and not covered by specific provisions by Basel 2 exposure class and collateralisation as of 31 December 2011*

	Credit risk exposure			thereof collateralised		
	Total	thereof 91-180 days past due	thereof more than 180 days past due audited	Total	thereof 91-180 days past due	thereof more than 180 days past due
<b>in € million</b>						
Sovereigns . . . . .	5	1	3	2	1	1
Institutions . . . . .	0	0	0	0	0	0
Corporates . . . . .	312	126	187	152	49	103
Retail . . . . .	228	46	181	151	27	124
<b>Total . . . . .</b>	<b>545</b>	<b>173</b>	<b>371</b>	<b>304</b>	<b>76</b>	<b>228</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Credit risk exposure past due and not covered by specific provisions by Basel 2 exposure class and collateralisation as of 31 December 2010*

	Credit risk exposure			thereof collateralised		
	Total	thereof 91-180 days past due	thereof more than 180 days past due audited	Total	thereof 91-180 days past due	thereof more than 180 days past due
<b>in € million</b>						
Sovereigns . . . . .	5	1	4	0	0	0
Institutions . . . . .	0	0	0	0	0	0
Corporates . . . . .	221	57	164	137	35	101
Retail . . . . .	199	63	136	148	32	116
<b>Total . . . . .</b>	<b>425</b>	<b>121</b>	<b>304</b>	<b>285</b>	<b>67</b>	<b>218</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

As of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively, specific provisions existed for the following credit risk exposure more than 90 days past due:

*Credit risk exposure covered by specific provisions by Basel 2 exposure class as of 31 March 2013*

	Credit risk exposure covered by specific provisions total	thereof	thereof more
		91-180 days past due unaudited	than 180 days past due
<b>in € million</b>			
Sovereigns . . . . .	169	2	11
Institutions . . . . .	71	0	42
Corporates . . . . .	7,155	346	3,996
Retail . . . . .	4,919	336	3,418
<b>Total . . . . .</b>	<b>12,314</b>	<b>684</b>	<b>7,467</b>

Source: Internal information of Erste Group Bank.

*Credit risk exposure covered by specific provisions by Basel 2 exposure class as of 31 December 2012*

	Credit risk exposure covered by specific provisions total	thereof	thereof more
		91-180 days past due audited	than 180 days past due
<b>in € million</b>			
Sovereigns . . . . .	42	1	11
Institutions . . . . .	84	0	49
Corporates . . . . .	7,187	400	4,109
Retail . . . . .	4,899	340	3,346
<b>Total . . . . .</b>	<b>12,212</b>	<b>741</b>	<b>7,515</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.



*Credit risk exposure covered by specific provisions by Basel 2 exposure class as of 31 December 2011*

<b>in € million</b>	<b>Credit risk exposure covered by specific provisions total</b>	<b>thereof 91-180 days past due audited</b>	<b>thereof more than 180 days past due</b>
Sovereigns .....	17	1	5
Institutions .....	52	3	49
Corporates .....	4,609	418	3,149
Retail .....	4,663	429	3,058
<b>Total .....</b>	<b>9,342</b>	<b>850</b>	<b>6,261</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Credit risk exposure covered by specific provisions by Basel 2 exposure class as of 31 December 2010*

<b>in € million</b>	<b>Credit risk exposure covered by specific provisions total</b>	<b>thereof 91-180 days past due audited</b>	<b>thereof more than 180 days past due</b>
Sovereigns .....	18	0	3
Institutions .....	49	0	49
Corporates .....	4,269	606	2,881
Retail .....	3,911	341	2,538
<b>Total .....</b>	<b>8,248</b>	<b>948</b>	<b>5,471</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

All claims presented in the tables above were classified as non-performing. Provisions are, as a rule, established for assets that are more than 90 days past due. However, specific provisions are not established if the loans and other advances are covered by adequate collateral.

**Loans and advances to customers by segment, risk category and coverage by risk provisions/  
loan loss provisions and collateral**

The following tables present the customer loan book as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively, excluding loans to financial institutions and commitments, by segment and risk category:

*Loans and advances to customers by segment and risk category as of 31 March 2013*

in € million	Low risk	Management attention	Substandard unaudited	Non-performing	Total loan book
<b>Retail &amp; SME</b> . . . . .	<b>82,496</b>	<b>15,773</b>	<b>3,173</b>	<b>10,716</b>	<b>112,159</b>
Austria . . . . .	52,145	8,211	1,149	3,571	65,076
EB Österreich . . . . .	24,404	2,138	209	1,011	27,762
Savings Banks . . . . .	27,741	6,073	941	2,561	37,315
Central and Eastern Europe . . . . .	30,352	7,562	2,024	7,145	47,083
Czech Republic . . . . .	13,833	2,278	504	911	17,526
Romania . . . . .	4,840	2,034	527	3,122	10,523
Slovakia . . . . .	5,294	806	212	397	6,709
Hungary . . . . .	2,645	1,319	399	1,523	5,886
Croatia . . . . .	3,339	1,035	369	1,119	5,863
Serbia . . . . .	401	90	12	73	575
<b>GCIB</b> . . . . .	<b>12,329</b>	<b>2,974</b>	<b>859</b>	<b>1,513</b>	<b>17,675</b>
<b>Group Markets</b> . . . . .	<b>81</b>	<b>14</b>	<b>0</b>	<b>1</b>	<b>96</b>
<b>Corporate Center</b> . . . . .	<b>272</b>	<b>106</b>	<b>25</b>	<b>2</b>	<b>404</b>
<b>Total</b> . . . . .	<b>95,178</b>	<b>18,867</b>	<b>4,057</b>	<b>12,232</b>	<b>130,335</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

*Loans and advances to customers by segment and risk category as of 31 December 2012*

in € million	Low risk	Management attention	Substandard audited	Non-performing	Total loans
<b>Retail &amp; SME</b> . . . . .	<b>83,171</b>	<b>16,455</b>	<b>3,180</b>	<b>10,766</b>	<b>113,573</b>
Austria . . . . .	52,803	8,197	1,095	3,643	65,738
EB Österreich . . . . .	24,607	2,182	204	1,058	28,052
Savings Banks . . . . .	28,196	6,014	891	2,585	37,687
CEE . . . . .	30,368	8,258	2,085	7,123	47,834
Czech Republic . . . . .	13,797	2,610	528	956	17,891
Romania . . . . .	4,856	2,200	605	3,021	10,682
Slovakia . . . . .	5,137	831	193	437	6,598
Hungary . . . . .	2,809	1,459	345	1,572	6,185
Croatia . . . . .	3,373	1,068	399	1,069	5,909
Serbia . . . . .	397	90	14	68	569
<b>Group Corporate &amp; Investment Banking</b> . . . . .	<b>12,557</b>	<b>3,261</b>	<b>781</b>	<b>1,330</b>	<b>17,928</b>
<b>Group Markets</b> . . . . .	<b>69</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>77</b>
<b>Corporate Center</b> . . . . .	<b>229</b>	<b>102</b>	<b>17</b>	<b>2</b>	<b>350</b>
<b>Total</b> . . . . .	<b>96,027</b>	<b>19,825</b>	<b>3,978</b>	<b>12,098</b>	<b>131,928</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

*Loans and advances to customers by segment and risk category as of 31 December 2011*

in € million	Low risk	Management attention	Substandard audited	Non-performing	Total loans
<b>Retail &amp; SME</b> . . . . .	<b>80,952</b>	<b>19,513</b>	<b>3,779</b>	<b>10,112</b>	<b>114,355</b>
Austria . . . . .	51,910	8,948	1,287	3,658	65,803
EB Österreich . . . . .	24,248	2,630	270	1,051	28,199
Savings Banks . . . . .	27,662	6,318	1,018	2,607	37,604
CEE . . . . .	29,042	10,565	2,491	6,454	48,552
Czech Republic . . . . .	12,733	2,997	511	947	17,187
Romania . . . . .	4,709	3,204	714	2,533	11,160
Slovakia . . . . .	4,661	845	215	496	6,217
Hungary . . . . .	3,461	1,615	513	1,499	7,088
Croatia . . . . .	3,080	1,654	424	759	5,917
Serbia . . . . .	316	99	13	58	486
Ukraine . . . . .	82	152	101	161	497
<b>Group Corporate &amp; Investment Banking</b> . . . . .	<b>14,376</b>	<b>3,663</b>	<b>490</b>	<b>1,275</b>	<b>19,805</b>
<b>Group Markets</b> . . . . .	<b>204</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>225</b>
<b>Corporate Center</b> . . . . .	<b>313</b>	<b>36</b>	<b>15</b>	<b>1</b>	<b>365</b>
<b>Total</b> . . . . .	<b>95,845</b>	<b>23,233</b>	<b>4,284</b>	<b>11,388</b>	<b>134,750</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Loans and advances to customers by segment and risk category as of 31 December 2010*

in € million	Low risk	Management attention	Substandard audited	Non-performing	Total loans
<b>Retail &amp; SME</b> . . . . .	<b>81,199</b>	<b>18,110</b>	<b>5,030</b>	<b>8,986</b>	<b>113,325</b>
Austria . . . . .	50,133	9,444	1,337	3,792	64,706
EB Österreich . . . . .	23,147	2,860	295	1,136	27,438
Savings Banks . . . . .	26,986	6,584	1,042	2,656	37,268
CEE . . . . .	31,066	8,666	3,693	5,194	48,619
Czech Republic . . . . .	12,978	2,816	652	1,040	17,486
Romania . . . . .	5,186	2,216	1,826	2,020	11,248
Slovakia . . . . .	4,460	513	284	460	5,717
Hungary . . . . .	4,749	1,468	611	935	7,763
Croatia . . . . .	3,294	1,401	235	557	5,487
Serbia . . . . .	301	78	9	44	432
Ukraine . . . . .	98	174	76	138	486
<b>Group Corporate &amp; Investment Banking</b> . . . . .	<b>12,249</b>	<b>4,416</b>	<b>1,047</b>	<b>1,032</b>	<b>18,744</b>
<b>Group Markets</b> . . . . .	<b>258</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>330</b>
<b>Corporate Center</b> . . . . .	<b>154</b>	<b>129</b>	<b>15</b>	<b>32</b>	<b>330</b>
<b>Total without EIR restatement</b> . . . . .	<b>93,860</b>	<b>22,727</b>	<b>6,092</b>	<b>10,050</b>	<b>132,729</b>
<b>EIR restatement<sup>(1)</sup></b> . . . . .					<b>(395)</b>
<b>Total</b> . . . . .					<b>132,334</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

In the tables below the non-performing loans and advances to customers subdivided by segment are contrasted with loan loss provisions and the collateral for non-performing loans (NPL) as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively. The NPL ratio, the NPL coverage ratio and the NPL total coverage ratio are also included. The NPL total coverage ratio specifies the coverage of non-performing loans by loan loss provisions and collateral for non-performing loans.

*Non-performing loans and advances to customers by segment and coverage by risk provisions as of 31 March 2013*

in € million (unless indicated otherwise)	Non- performing	Total loans and advances to customers	Risk provisions unaudited	NPL ratio <sup>(1)</sup>	NPL coverage ratio <sup>(2)</sup>
<b>Retail &amp; SME</b> . . . . .	<b>10,716</b>	<b>112,159</b>	<b>6,685</b>	<b>9.6%</b>	<b>62.4%</b>
Austria . . . . .	3,571	65,076	2,210	5.5%	61.9%
EB Österreich . . . . .	1,011	27,762	677	3.6%	67.0%
Savings Banks . . . . .	2,561	37,315	1,533	6.9%	59.9%
Central and Eastern Europe	7,145	47,083	4,475	15.2%	62.6%
Czech Republic . . . . .	911	17,526	685	5.2%	75.1%
Romania . . . . .	3,122	10,523	1,851	29.7%	59.3%
Slovakia . . . . .	397	6,709	351	5.9%	88.5%
Hungary . . . . .	1,523	5,886	967	25.9%	63.5%
Croatia . . . . .	1,119	5,863	562	19.1%	50.2%
Serbia . . . . .	73	575	59	12.7%	80.8%
<b>GCIB</b> . . . . .	<b>1,513</b>	<b>17,675</b>	<b>946</b>	<b>8.6%</b>	<b>62.5%</b>
<b>Group Markets</b> . . . . .	<b>1</b>	<b>96</b>	<b>0</b>	<b>1.1%</b>	<b>28.0%</b>
<b>Corporate Center</b> . . . . .	<b>2</b>	<b>404</b>	<b>1</b>	<b>0.4%</b>	<b>70.2%</b>
<b>Total Group</b> . . . . .	<b>12,232</b>	<b>130,335</b>	<b>7,632</b>	<b>9.4%</b>	<b>62.4%</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013

- (1) The "NPL ratio" in this section ("loans and advances to customers") is calculated by dividing non-performing loans and advances to customers by total loans and advances to customers. Hence, it differs from the "non-performing credit risk exposure ratio (NPE ratio)" which refers to the credit risk exposure.
- (2) The "NPL coverage ratio" is the ratio of risk provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers.

*Non-performing loans and advances to customers by segment and coverage by loan loss provisions and collateral as of 31 December 2012*

in € million (unless indicated otherwise)	Non-performing	Total loans	Loan loss provisions	NPL ratio <sup>(1)</sup> audited	NPL coverage ratio <sup>(2)</sup>	Collateral for NPL	NPL total coverage ratio <sup>(3)</sup>
<b>Retail &amp; SME</b> . . . . .	<b>10,766</b>	<b>113,573</b>	<b>6,681</b>	<b>9.5%</b>	<b>62.1%</b>	<b>5,107</b>	<b>109.5%</b>
Austria . . . . .	3,643	65,738	2,251	5.5%	61.8%	1,578	105.1%
EB Oesterreich . . . . .	1,058	28,052	696	3.8%	65.7%	442	107.5%
Savings Banks . . . . .	2,585	37,687	1,556	6.9%	60.2%	1,137	104.2%
CEE . . . . .	7,123	47,834	4,429	14.9%	62.2%	3,529	111.7%
Czech Republic . . . . .	956	17,891	690	5.3%	72.2%	365	110.4%
Romania . . . . .	3,021	10,682	1,771	28.3%	58.6%	1,630	112.6%
Slovakia . . . . .	437	6,598	369	6.6%	84.3%	249	141.2%
Hungary . . . . .	1,572	6,185	1,008	25.4%	64.1%	731	110.7%
Croatia . . . . .	1,069	5,909	534	18.1%	50.0%	520	98.6%
Serbia . . . . .	68	569	58	12.0%	84.1%	34	134.0%
<b>Group Corporate &amp; Investment Banking</b> . . . . .	<b>1,330</b>	<b>17,928</b>	<b>893</b>	<b>7.4%</b>	<b>67.2%</b>	<b>494</b>	<b>104.3%</b>
<b>Group Markets</b> . . . . .	<b>0</b>	<b>77</b>	<b>0</b>	<b>0.0%</b>	<b>6,439.9%</b>	<b>0</b>	<b>6,439.9%</b>
<b>Corporate Center</b> . . . . .	<b>2</b>	<b>350</b>	<b>0</b>	<b>0.5%</b>	<b>26.9%</b>	<b>0</b>	<b>26.9%</b>
<b>Total</b> . . . . .	<b>12,098</b>	<b>131,928</b>	<b>7,574</b>	<b>9.2%</b>	<b>62.6%</b>	<b>5,601</b>	<b>108.9%</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

- (1) The "NPL ratio" in this section ("loans and advances to customers") is calculated by dividing non-performing loans and advances to customers by total loans and advances to customers. Hence, it differs from the "non-performing credit risk exposure ratio (NPE ratio)" which refers to the credit risk exposure.
- (2) The "NPL coverage ratio" is the ratio of loan loss provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers.
- (3) The "NPL total coverage ratio" is the ratio of loan loss provisions and collateral for non-performing loans and advances to customers as a percentage of non-performing loans and advances to customers.

*Non-performing loans and advances to customers by segment and coverage by loan loss provisions and collateral as of 31 December 2011*

in € million (unless indicated otherwise)	Non-performing	Total loans	Loan loss provisions	NPL ratio <sup>(1)</sup> audited	NPL coverage ratio <sup>(2)</sup>	Collateral for NPL	NPL total coverage ratio <sup>(3)</sup>
<b>Retail &amp; SME</b> . . . . .	<b>10,112</b>	<b>114,355</b>	<b>6,244</b>	<b>8.8%</b>	<b>61.7%</b>	<b>5,186</b>	<b>113.0%</b>
Austria . . . . .	3,658	65,803	2,245	5.6%	61.4%	1,540	103.5%
EB Oesterreich . . . . .	1,051	28,199	688	3.7%	65.4%	436	106.8%
Savings Banks . . . . .	2,607	37,604	1,557	6.9%	59.7%	1,104	102.1%
CEE . . . . .	6,454	48,552	3,999	13.3%	62.0%	3,647	118.5%
Czech Republic . . . . .	947	17,187	660	5.5%	69.7%	404	112.3%
Romania . . . . .	2,533	11,160	1,268	22.7%	50.1%	1,740	118.8%
Slovakia . . . . .	496	6,217	393	8.0%	79.2%	275	134.6%
Hungary . . . . .	1,499	7,088	1,054	21.1%	70.3%	731	119.0%
Croatia . . . . .	759	5,917	419	12.8%	55.2%	363	103.1%
Serbia . . . . .	58	486	52	11.9%	89.9%	25	132.3%
Ukraine . . . . .	161	497	154	32.5%	95.3%	109	162.9%
<b>Group Corporate &amp; Investment Banking</b> . . . . .	<b>1,275</b>	<b>19,805</b>	<b>697</b>	<b>6.4%</b>	<b>54.6%</b>	<b>465</b>	<b>91.1%</b>
<b>Group Markets</b> . . . . .	<b>0</b>	<b>225</b>	<b>0</b>	<b>0.0%</b>	<b>452.4%</b>	<b>0</b>	<b>452.4%</b>
<b>Corporate Center</b> . . . . .	<b>1</b>	<b>365</b>	<b>1</b>	<b>0.1%</b>	<b>179.6%</b>	<b>0</b>	<b>179.6%</b>
<b>Total</b> . . . . .	<b>11,388</b>	<b>134,750</b>	<b>6,942</b>	<b>8.5%</b>	<b>61.0%</b>	<b>5,651</b>	<b>110.6%</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

- (1) The "NPL ratio" in this section ("loans and advances to customers") is calculated by dividing non-performing loans and advances to customers by total loans and advances to customers. Hence, it differs from the "non-performing credit risk exposure ratio (NPE ratio)" which refers to the credit risk exposure.
- (2) The "NPL coverage ratio" is the ratio of loan loss provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers.
- (3) The "NPL total coverage ratio" is the ratio of loan loss provisions and collateral for non-performing loans and advances to customers as a percentage of non-performing loans and advances to customers.



*Non-performing loans and advances to customers by segment and coverage by loan loss provisions and collateral as of 31 December 2010*

in € million (unless indicated otherwise)	Non-performing	Total loans	Loan loss provisions	NPL ratio <sup>(1)</sup> audited	NPL coverage ratio <sup>(2)</sup>	Collateral for NPL	NPL total coverage ratio <sup>(3)</sup>
<b>Retail &amp; SME</b> . . . . .	<b>8,986</b>	<b>113,325</b>	<b>5,445</b>	<b>7.9%</b>	<b>60.6%</b>	<b>4,634</b>	<b>112.2%</b>
Austria . . . . .	3,792	64,706	2,251	5.9%	59.4%	1,586	101.2%
EB Oesterreich . . . . .	1,136	27,438	696	4.1%	61.3%	469	102.6%
Savings Banks . . . . .	2,656	37,268	1,555	7.1%	58.5%	1,117	100.6%
CEE . . . . .	5,194	48,619	3,194	10.7%	61.5%	3,048	120.2%
Czech Republic . . . . .	1,040	17,486	728	5.9%	70.0%	427	111.1%
Romania . . . . .	2,020	11,248	1,099	18.0%	54.4%	1,455	126.4%
Slovakia . . . . .	460	5,717	376	8.0%	81.7%	231	131.9%
Hungary . . . . .	935	7,763	467	12.0%	49.9%	544	108.2%
Croatia . . . . .	557	5,487	332	10.2%	59.6%	259	106.1%
Serbia . . . . .	44	432	44	10.2%	100.0%	18	141.4%
Ukraine . . . . .	138	486	148	28.4%	107.2%	113	189.4%
<b>Group Corporate &amp; Investment Banking</b> . . . . .	<b>1,032</b>	<b>18,744</b>	<b>556</b>	<b>5.5%</b>	<b>53.9%</b>	<b>474</b>	<b>99.8%</b>
<b>Group Markets</b> . . . . .	<b>0</b>	<b>330</b>	<b>0</b>	<b>0.0%</b>	<b>1,762.4%</b>	<b>0</b>	<b>1,762.4%</b>
<b>Corporate Center</b> . . . . .	<b>32</b>	<b>330</b>	<b>33</b>	<b>9.7%</b>	<b>103.1%</b>	<b>0</b>	<b>103.1%</b>
<b>Total without EIR restatement</b> . . . . .	<b>10,050</b>	<b>132,729</b>	<b>6,034</b>	<b>7.6%</b>	<b>60.0%</b>	<b>5,108</b>	<b>110.9%</b>
<b>EIR restatement<sup>(4)</sup></b> . . . . .		<b>(395)</b>					
<b>Total</b> . . . . .	<b>10,050</b>	<b>132,334</b>	<b>6,034</b>	<b>7.6%</b>	<b>60.0%</b>	<b>5,108</b>	<b>110.9%</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

- (1) The "NPL ratio" in this section ("loans and advances to customers") is calculated by dividing non-performing loans and advances to customers by total loans and advances to customers. Hence, it differs from the "non-performing credit risk exposure ratio (NPE ratio)" which refers to the credit risk exposure.
- (2) The "NPL coverage ratio" is the ratio of loan loss provisions for loans and advances to customers as a percentage of non-performing loans and advances to customers.
- (3) The "NPL total coverage ratio" is the ratio of loan loss provisions and collateral for non-performing loans and advances to customers as a percentage of non-performing loans and advances to customers.
- (4) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

The loan loss provisions which are shown in the tables above in the amount of €7,574 million as of 31 December 2012 (2011: €6,942 million) are composed of specific provisions amounting to €6,878 million (2011: €6,051 million) and portfolio provisions amounting to €696 million (2011: €891 million). Collateral for non-performing loans mainly consists of real estate.

### ***Distribution of loans to customers***

The following tables show the total customer loan book and the customer loan book in the Retail & SME segment by customer segment as of 31 March 2013 and 31 December 2012, 2011 and 2010. In the tables set forth below, the line item "Retail—Private individual" refers to loans to private persons, "Retail—Micros" refers to SMEs up to a pre-determined credit exposure and/or turnover figures, "Corporate" refers to companies that exceed the credit exposure and/or turnover limits for inclusion under "Retail—Micros" and "Public sector" refers to municipalities and governments.

#### ***Total customer loan book***

<b>in € million</b>	<b>As of</b>			
	<b>31 March 2013</b>	<b>31 December 2012 2011</b>		<b>2010</b>
		<b>unaudited</b>		
Retail—Private individual . . . . .	50,743	51,184	51,177	50,947
Retail—Micros . . . . .	12,378	12,590	13,184	13,534
Corporate . . . . .	59,737	60,354	62,141	60,644
Public sector . . . . .	7,477	7,799	8,247	7,605
<b>Total . . . . .</b>	<b>130,335</b>	<b>131,928</b>	<b>134,750</b>	<b>132,729</b>

Source: Internal information of Erste Group Bank.

#### ***Loan book in the Retail & SME segment***

<b>in € million</b>	<b>As of</b>			
	<b>31 March 2013</b>	<b>31 December 2012 2011</b>		<b>2010</b>
		<b>unaudited</b>		
Retail—Private individual . . . . .	50,670	51,096	51,082	50,825
Retail—Micros . . . . .	12,008	12,141	12,633	12,850
Corporate . . . . .	43,091	43,719	43,933	43,289
Public sector . . . . .	6,391	6,617	6,707	6,359
<b>Total . . . . .</b>	<b>112,159</b>	<b>113,573</b>	<b>114,355</b>	<b>113,324</b>

Source: Internal information of Erste Group Bank.

### Loans and advances to customers by segment and currency

The following tables show the loans and advances to customers by segment and currency as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively:

#### Loans and advances to customers by segment and currency as of 31 March 2013

in € million	€	Local currencies			Other currencies	Total loans and advances to customers
		CHF	USD	unaudited		
<b>Retail &amp; SME</b>	<b>75,098</b>	<b>23,737</b>	<b>11,860</b>	<b>334</b>	<b>1,130</b>	<b>112,159</b>
Austria	55,512	0	8,299	154	1,112	65,076
EB Österreich	24,213	0	3,146	52	351	27,762
Savings Banks	31,299	0	5,153	102	761	37,315
Central and Eastern Europe	19,586	23,737	3,562	180	19	47,083
Czech Republic	686	16,813	2	24	2	17,526
Romania	6,396	3,984	0	131	12	10,523
Slovakia	6,701	0	0	6	2	6,709
Hungary	1,358	1,659	2,866	3	0	5,886
Croatia	4,012	1,161	675	12	3	5,863
Serbia	433	120	17	4	0	575
<b>GCIB</b>	<b>14,098</b>	<b>1,172</b>	<b>227</b>	<b>1,234</b>	<b>944</b>	<b>17,675</b>
<b>Group Markets</b>	<b>35</b>	<b>20</b>	<b>2</b>	<b>27</b>	<b>12</b>	<b>96</b>
<b>Corporate Center</b>	<b>401</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>404</b>
<b>Total Group</b>	<b>89,632</b>	<b>24,929</b>	<b>12,089</b>	<b>1,595</b>	<b>2,089</b>	<b>130,335</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

#### Loans and advances to customers by segment and currency as of 31 December 2012

in € million	€	Local currencies			Other currencies	Total loans
		CHF	USD	audited		
<b>Retail &amp; SME</b>	<b>74,818</b>	<b>24,344</b>	<b>12,525</b>	<b>345</b>	<b>1,540</b>	<b>113,573</b>
Austria	55,277	0	8,782	159	1,520	65,738
EB Oesterreich	24,293	0	3,310	58	391	28,052
Savings Banks	30,984	0	5,472	101	1,129	37,687
CEE	19,541	24,344	3,743	187	20	47,834
Czech Republic	622	17,236	2	26	4	17,891
Romania	6,539	4,001	0	131	12	10,682
Slovakia	6,587	0	0	9	2	6,598
Hungary	1,312	1,849	3,018	5	0	6,185
Croatia	4,052	1,140	705	12	1	5,909
Serbia	429	118	18	4	0	569
<b>Group Corporate &amp; Investment Banking</b>	<b>14,191</b>	<b>1,244</b>	<b>275</b>	<b>1,263</b>	<b>955</b>	<b>17,928</b>
<b>Group Markets</b>	<b>24</b>	<b>11</b>	<b>1</b>	<b>33</b>	<b>8</b>	<b>77</b>
<b>Corporate Center</b>	<b>347</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>350</b>
<b>Total</b>	<b>89,381</b>	<b>25,599</b>	<b>12,801</b>	<b>1,642</b>	<b>2,505</b>	<b>131,928</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

*Loans and advances to customers by segment and currency as of 31 December 2011*

in € million	€	Local currencies	CHF	USD	Other currencies	Total loans
			audited			
<b>Retail &amp; SME</b> . . . . .	<b>72,266</b>	<b>23,988</b>	<b>15,625</b>	<b>858</b>	<b>1,619</b>	<b>114,355</b>
Austria . . . . .	52,815	0	11,172	223	1,594	65,803
EB Oesterreich . . . . .	23,598	0	4,061	73	468	28,199
Savings Banks . . . . .	29,217	0	7,112	150	1,125	37,604
CEE . . . . .	19,451	23,988	4,453	636	25	48,552
Czech Republic . . . . .	637	16,497	2	44	7	17,187
Romania . . . . .	6,765	4,208	0	176	10	11,160
Slovakia . . . . .	6,199	0	5	9	4	6,217
Hungary . . . . .	1,559	1,860	3,654	13	2	7,088
Croatia . . . . .	3,936	1,192	772	14	2	5,917
Serbia . . . . .	346	116	18	4	0	486
Ukraine . . . . .	8	114	0	376	0	497
<b>Group Corporate &amp; Investment Banking</b> . . .	<b>15,615</b>	<b>1,124</b>	<b>331</b>	<b>1,841</b>	<b>894</b>	<b>19,805</b>
<b>Group Markets</b> . . . . .	<b>126</b>	<b>13</b>	<b>22</b>	<b>35</b>	<b>29</b>	<b>225</b>
<b>Corporate Center</b> . . . . .	<b>363</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>365</b>
<b>Total</b> . . . . .	<b>88,369</b>	<b>25,125</b>	<b>15,978</b>	<b>2,735</b>	<b>2,543</b>	<b>134,750</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Loans and advances to customers by segment and currency as of 31 December 2010*

in € million	€	Local currencies	CHF	USD	Other currencies	Total loans
			audited			
<b>Retail &amp; SME</b> . . . . .	<b>69,588</b>	<b>24,173</b>	<b>17,098</b>	<b>902</b>	<b>1,563</b>	<b>113,324</b>
Austria . . . . .	51,017	0	11,897	270	1,523	64,706
EB Oesterreich . . . . .	22,507	0	4,380	84	468	27,438
Savings Banks . . . . .	28,510	0	7,517	186	1,055	37,268
CEE . . . . .	18,571	24,173	5,201	632	40	48,618
Czech Republic . . . . .	687	16,762	4	27	7	17,486
Romania . . . . .	6,813	4,258	0	153	24	11,248
Slovakia . . . . .	5,693	0	6	10	7	5,716
Hungary . . . . .	1,613	1,807	4,328	14	1	7,763
Croatia . . . . .	3,469	1,163	844	9	2	5,487
Serbia . . . . .	290	118	19	5	0	431
Ukraine . . . . .	7	65	0	414	0	486
<b>Group Corporate &amp; Investment Banking</b> . . .	<b>14,698</b>	<b>920</b>	<b>246</b>	<b>2,148</b>	<b>733</b>	<b>18,745</b>
<b>Group Markets</b> . . . . .	<b>176</b>	<b>43</b>	<b>36</b>	<b>38</b>	<b>37</b>	<b>331</b>
<b>Corporate Center</b> . . . . .	<b>328</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>330</b>
<b>Total without EIR restatement</b> . . . . .	<b>84,789</b>	<b>25,136</b>	<b>17,379</b>	<b>3,090</b>	<b>2,334</b>	<b>132,729</b>
<b>EIR restatement<sup>(1)</sup></b> . . . . .						<b>(395)</b>
<b>Total</b> . . . . .						<b>132,334</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) EIR restatement is not allocated to the specific amounts shown in the table above but only presented as a total amount.

**Securitisations**

As of 31 December 2012, Erste Group has a conservative portfolio of securitised assets and their derivatives. There were no new investments undertaken and all repayments were made as scheduled in 2012.

As at year-end 2012, the carrying amount of Erste Group's securitisation portfolio totalled €1.5 billion which was €0.3 billion lower than at the end of 2011. Changes in the carrying amount were due to repayments, currency effects, changes in prices and disposals of assets. The proportion of the portfolio which was rated investment grade increased from 85.9% as of

31 December 2011 to 88.1% as of 31 December 2012. As of 31 December 2012, only 4.2% of the assets are rated CCC or below.

As of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively, the composition of the total portfolio of securitised assets according to products and balance sheet line items was as follows:

in € million	As of 31 March 2013									
	Loans and advances to customers and credit institutions		Financial assets						Total	
			Held to maturity		At fair value through profit or loss	Available for sale	Trading assets			
	carrying amount	fair value	carrying amount	fair value	fair value <sup>(1)</sup> unaudited	fair value <sup>(1)</sup>	fair value <sup>(1)</sup>	carrying amount	fair value	
Prime RMBS . . . . .	0	0	201	179	1	123	25	351	329	
CMBS . . . . .	0	0	47	36	1	53	3	104	93	
SME ABS . . . . .	0	0	16	12	0	19	0	36	32	
Leasing ABS . . . . .	0	0	10	9	0	2	0	12	12	
Other ABS . . . . .	0	0	11	11	2	35	1	49	49	
CLOs . . . . .	0	0	0	0	44	779	0	823	823	
Other CDOs . . . . .	0	0	0	0	0	0	1	1	1	
<b>Other RMBS . . . . .</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>14</b>	<b>6</b>	<b>21</b>	<b>21</b>	
<b>Total ABS/CDO . . . . .</b>	<b>0</b>	<b>0</b>	<b>285</b>	<b>248</b>	<b>50</b>	<b>1,026</b>	<b>36</b>	<b>1,396</b>	<b>1,359</b>	
Student loans . . . . .	0	0	0	0	1	133	0	134	134	
<b>Total securitisations<sup>(2)</sup> . . . . .</b>	<b>0</b>	<b>0</b>	<b>285</b>	<b>248</b>	<b>51</b>	<b>1,159</b>	<b>36</b>	<b>1,529</b>	<b>1,493</b>	

Source: Internal information of Erste Group Bank.

(1) Carrying amount is equal to fair value.

(2) Including cash from funds.

in € million	As of 31 December 2012									
	Loans and advances to customers and credit institutions		Financial assets						Total	
			Held to maturity		At fair value through profit or loss	Available for sale	Trading assets			
	carrying amount	fair value	carrying amount	fair value	fair value <sup>(1)</sup> audited	fair value <sup>(1)</sup>	fair value <sup>(1)</sup>	carrying amount	fair value	
Prime RMBS . . . . .	0	0	207	174	1	129	26	364	331	
CMBS . . . . .	0	0	49	37	1	58	2	110	98	
SME ABS . . . . .	0	0	16	9	1	20	2	38	31	
Leasing ABS . . . . .	0	0	14	14	0	3	0	17	17	
Other ABS . . . . .	0	0	13	13	2	36	1	52	52	
CLOs . . . . .	0	0	0	0	43	754	0	797	797	
Other CDOs . . . . .	0	0	0	0	0	3	0	3	3	
<b>Other RMBS . . . . .</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>14</b>	<b>2</b>	<b>17</b>	<b>17</b>	
<b>Total ABS/CDO . . . . .</b>	<b>0</b>	<b>0</b>	<b>299</b>	<b>247</b>	<b>49</b>	<b>1,016</b>	<b>34</b>	<b>1,397</b>	<b>1,345</b>	
Student loans . . . . .	0	0	0	0	1	133	0	134	134	
<b>Total securitisations<sup>(2)</sup> . . . . .</b>	<b>0</b>	<b>0</b>	<b>299</b>	<b>247</b>	<b>50</b>	<b>1,149</b>	<b>34</b>	<b>1,531</b>	<b>1,479</b>	

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

(1) Carrying amount is equal to fair value.

(2) Including cash from funds.

As of 31 December 2011									
Financial assets									
	Loans and advances to customers and credit institutions		Held to maturity		At fair value through profit or loss	Available for sale	Trading assets	Total	
	carrying amount	fair value	carrying amount	fair value	fair value <sup>(1)</sup> audited	fair value <sup>(1)</sup>	fair value <sup>(1)</sup>	carrying amount	fair value
in € million									
Prime RMBS . . . . .	9	9	269	201	4	203	15	500	432
CMBS . . . . .	0	0	81	52	12	94	11	198	169
SME ABS . . . . .	0	0	19	11	1	40	1	61	53
Leasing ABS . . . . .	0	0	21	14	0	4	0	25	18
Other ABS . . . . .	0	0	37	33	8	55	8	108	104
CLOs . . . . .	0	0	0	0	47	727	1	775	775
Other CDOs . . . . .	0	0	0	0	0	3	0	3	3
<b>Other RMBS . . . . .</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>13</b>	<b>4</b>	<b>19</b>	<b>19</b>
<b>Total ABS/CDO . . . . .</b>	<b>9</b>	<b>9</b>	<b>427</b>	<b>311</b>	<b>74</b>	<b>1,139</b>	<b>40</b>	<b>1,689</b>	<b>1,573</b>
Student loans . . . . .	0	0	0	0	1	154	0	155	155
<b>Total securitisations<sup>(2)(3)</sup> . . . . .</b>	<b>9</b>	<b>9</b>	<b>427</b>	<b>311</b>	<b>75</b>	<b>1,293</b>	<b>40</b>	<b>1,844</b>	<b>1,728</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

(1) Carrying amount is equal to fair value.

(2) In 2011 exclusive of CMOs, since they no longer are treated as securitisations due to regulatory amendments.

(3) Including cash from funds.

As of 31 December 2010									
Financial assets									
	Loans and advances to customers and credit institutions		Held to maturity		At fair value through profit or loss	Available for sale	Trading assets	Total	
	carrying amount	fair value	carrying amount	fair value	fair value <sup>(1)</sup> audited	fair value <sup>(1)</sup>	fair value <sup>(1)</sup>	carrying amount	fair value
in € million									
Prime RMBS . . . . .	46	45	330	257	6	199	24	605	531
CMBS . . . . .	0	0	106	68	10	103	2	221	183
SME ABS . . . . .	0	0	37	22	1	34	0	72	57
Leasing ABS . . . . .	0	0	31	27	0	6	0	37	33
Other ABS . . . . .	0	0	79	73	17	74	11	181	175
CLOs . . . . .	0	0	0	0	107	753	5	865	865
Other CDOs . . . . .	0	0	12	12	0	12	0	24	24
<b>Total ABS/CDO . . . . .</b>	<b>46</b>	<b>45</b>	<b>595</b>	<b>459</b>	<b>141</b>	<b>1,181</b>	<b>42</b>	<b>2,005</b>	<b>1,868</b>
CMOs . . . . .	0	0	0	0	0	643	0	643	643
Student loans . . . . .	0	0	0	0	1	268	0	269	269
<b>Total securitisations . . . . .</b>	<b>46</b>	<b>45</b>	<b>595</b>	<b>459</b>	<b>142</b>	<b>2,092</b>	<b>42</b>	<b>2,917</b>	<b>2,780</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) Carrying amount is equal to fair value.

## European prime residential mortgage backed securities (Prime RMBS)

Prime RMBS are securitisations which are backed by mortgages on residential real estate. Erste Group is primarily invested in this asset class in British transactions, which were strongly affected by the global economic crisis. Their quotations reached the lowest level in the first quarter of 2009. Since that time, prices have recovered by 13% until 31 December 2012.



### ***Commercial mortgage backed securities (CMBS)***

CMBS are transactions which are secured by pools of mortgages on commercial property (i.e., offices, retail and others). Erste Group is mainly invested in British CMBS. After declining until the second half of 2009, prices of commercial property have recovered by around 13% until 31 December 2012.

### ***European and U.S. collateralised loan obligations (CLOs)***

CLOs are securitisations backed by pools of corporate loans. Most CLOs held by Erste Group that were downgraded during the crisis are now back at investment grade. Moody's Investors Service's global speculative-grade default rate stood at 2.6% in December 2012, after having reached the highest level at 13% in December 2009.

### ***Other asset backed securities (ABS)***

Erste Group's holding of other ABSs mainly consists of securitisations whereby the underlying assets are lease receivables or loans to small and medium-sized enterprises, or these may be other collateralised debt obligations (CDOs).

Erste Group further holds investments in securitisations of U.S. student loans, all of which are triple-A rated securities. These securitisations carry the guarantee of the U.S. Department of Education for 97% of their value, while the remaining 3% is covered by subordination as of 31 December 2012. Their associated credit risk is therefore considered very low.

## **Market risk**

### **Definition and overview**

Market risk is the risk of loss due to adverse changes in market prices and to the parameters derived therefrom. At Erste Group, market risk is divided into interest rate risk, currency risk, equity risk, commodity risk and volatility risk. This includes both trading and bank book positions.

### **Methods and instruments employed**

At Erste Group, potential losses from market movements are assessed using the 'value-at-risk' method. The calculation is done according to the method of historic simulation with a unilateral confidence level of 99%, a holding period of one day and a simulation period of two years. Value-at-risk describes which losses may be expected as a maximum at a defined probability—the confidence level—within a certain holding period of the positions under normal market conditions.

Back-testing is used to monitor the validity of the statistical methods. This process is conducted with a one-day delay to monitor if the model projections regarding losses have actually materialised. At a confidence level of 99%, the actual loss on a single day should exceed the value-at-risk statistically only two to three times a year (1% of approximately 250 workdays).

This shows one of the limits of the value-at-risk approach: On the one hand, the confidence level is limited to 99%, and on the other hand, the model takes into account only those market scenarios observed respectively within the simulation period of two years, and calculates the value-at-risk for the current position of the bank on this basis. In order to investigate any extreme market situations beyond this, stress tests are conducted at Erste Group. These events include mainly market movements of low probability.

The stress tests are carried out according to several methods: 'Stressed VaR' is derived from the normal value-at-risk calculation. But instead of simulating only over the two most recent years, an analysis of a much longer period is carried out in order to identify a one-year period which constitutes a significant period of stress. According to the legal framework, that one-year period is used to calculate a VaR with a 99% confidence level. This enables Erste Group on the one hand to hold sufficient of its own funds available for the trading book also in periods of

elevated market volatility while it also incorporates these resulting effects in the management of trading positions. In the 'extreme value theory', a Pareto distribution is adjusted to the extreme end of the loss distribution. In this manner, a continuous function is created from which extreme confidence levels such as 99.95% can be evaluated. Finally, standard scenarios are calculated in which the individual market factors are exposed to extreme movements. Such scenarios are calculated at Erste Group for interest rates, stock prices, exchange rates and volatilities. Furthermore, since 2009, combination scenarios have been calculated in which the current position of the trading book is subjected to a combination of market data shifts. These analyses are made available to the management board and the supervisory board within the scope of the monthly market risk reports.

The value-at-risk model was approved by the Financial Market Authority (FMA) as an internal market risk model to determine the capital requirements of Erste Group pursuant to the Austrian Banking Act.

## **Methods and instruments of risk mitigation**

At Erste Group, market risks are controlled in the trading book by setting several levels of limits. The overall limit on the basis of value-at-risk for the trading book is decided by the board in the Risk Committee, while taking into account the risk-bearing capacity and projected earnings. A further breakdown is conducted by the Market Risk Committee on the basis of a proposal from the Group Market & Liquidity Risk Management unit.

All market risk activities of the trading book are assigned risk limits that are statistically consistent in their entirety with the value-at-risk overall limit. The value-at-risk limit is assigned in a top-down procedure to the individual trading units. This is done up to the level of the individual trading groups or departments. Additionally, in a bottom-up procedure, sensitivity limits are assigned to smaller units all the way down to the individual traders. These are aggregated upwards and applied as a second limit layer to the value-at-risk limits. The consistency between the two limit approaches is verified regularly.

Limit compliance is verified at two levels: by the appropriate local decentralised risk management unit and by Group Market & Liquidity Risk Management. The monitoring of the limits is calculated within the course of the trading day based on sensitivities. This can also be carried out by individual traders or chief traders on an ad-hoc basis.

The value-at-risk is calculated every day at group level and made available to the individual trading units as well as to the superior management levels all the way up to the management board.

Apart from the trading book positions, banking book positions are once monthly also subjected to a value-at-risk analysis. In this manner, the total value-at-risk is determined. In addition to VaR, a long-horizon interest rate risk measure is used to gauge the interest rate risk of the banking book. A historical simulation approach looking back five years and with a one-year holding period was chosen. The result of these calculations is presented in the monthly market risk report that is made available to the management and supervisory boards.

## Analysis of market risk

### Value at risk of banking book and trading book

The following tables show the VaR amounts as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively, at a 99% confidence level using equally weighted market data and with a holding period of one day:

in € million	As of 31 March 2013					
	Total	Interest	Currency	Shares unaudited	Commodity	Volatility
Erste Group . . . . .	30,997	29,478	2,080	2,818	371	685
Core Group <sup>(1)</sup> . . . . .	15,689	13,429	2,080	2,818	371	685
Banking book . . . . .	12,911	12,725	1,465	76	0	0
Trading book . . . . .	4,172	1,740	1,116	2,743	371	685

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

(1) "Core Group" refers to Erste Group but excludes saving banks consolidated under the *Haftungsverbund*.

in € million	As of 31 December 2012					
	Total	Interest	Currency	Shares	Commodity	Volatility
Erste Group . . . . .	27,619	25,817	1,170	3,588	471	502
Core Group <sup>(1)</sup> (unaudited) . . . . .	16,522	14,043	1,170	3,588	471	502
Banking book . . . . .	13,833 <sup>(2)</sup>	13,237 <sup>(2)</sup>	769	72	0	0
Trading book . . . . .	4,097	1,994	776	3,516	471	502

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 and internal information of Erste Group Bank.

(1) "Core Group" refers to Erste Group but excludes saving banks consolidated under the *Haftungsverbund*.

(2) Unaudited and does not correspond to the figure shown in the audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

in € million	As of 31 December 2011					
	Total	Interest	Currency	Shares	Commodity	Volatility
Erste Group . . . . .	42,442	39,013	1,996	4,774	646	1,811
Core Group <sup>(1)</sup> (unaudited) . . . . .	31,030	27,292	1,996	4,774	646	1,811
Banking book . . . . .	26,389 <sup>(2)</sup>	25,537 <sup>(2)</sup>	2,227	1,030	0	0
Trading book . . . . .	7,779	4,358	1,826	4,071	646	1,811

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011 and internal information of Erste Group Bank.

(1) "Core Group" refers to Erste Group but excludes saving banks consolidated under the *Haftungsverbund*.

(2) Unaudited and does not correspond to the figure shown in the audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

in € million	As of 31 December 2010					
	Total	Interest	Currency	Shares	Commodity	Volatility
Erste Group . . . . .	37,667	33,679	1,756	6,228	257	2,118
Core Group <sup>(1)</sup> (unaudited) . . . . .	27,446	23,450	1,756	6,228	257	2,118
Banking book . . . . .	21,909 <sup>(2)</sup>	21,726 <sup>(2)</sup>	1	1,274	0	0
Trading book . . . . .	8,789	4,298	1,755	5,406	257	2,118

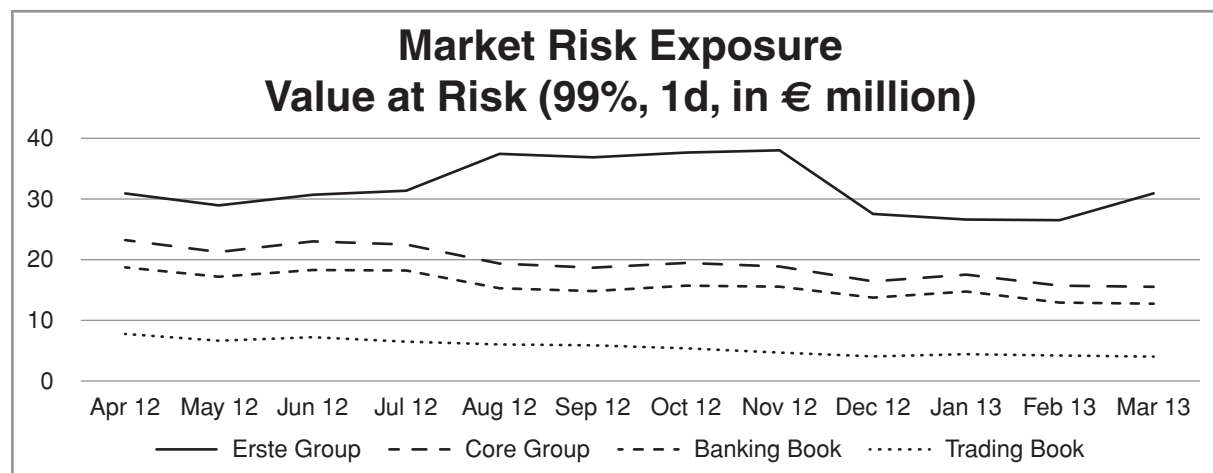
Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

(1) "Core Group" refers to Erste Group but excludes saving banks consolidated under the *Haftungsverbund*.

(2) Unaudited and does not correspond to the figure shown in the audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

The method used is subject to limitations that may result in the information's not fully reflecting the fair value of the assets and liabilities involved. This restriction applies to the inclusion of credit spreads in the calculation of the VaR. Credit spreads are only applied to sovereign issuers. For all other positions, only the general market risk is considered.

The following chart shows the market risk of Erste Group, divided into market risk attributable to Erste Group, Core Group, banking book and trading book, from April 2012 through March 2013, expressed by VaR.



Source: Internal information of Erste Group Bank.

### Trading book capital

The following table shows the trading book capital as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively:

in € million	As of			
	31 March 2013	31 December 2012	30 September 2012	30 June 2012
Total trading book . . . . .	299.6	297.1	338.4	352.2
Standardised approach . . . . .	194.9	183.3	193.0	213.7
Internal model . . . . .	104.6	113.8	145.4	138.5

Source: Internal information of Erste Group Bank.

### Interest rate risk of banking book

Interest rate risk is the risk of adverse change in the fair value of financial instruments caused by movement in market interest rates. This type of risk arises when mismatches exist between assets and liabilities, including derivatives, in respect of their maturities or of the timing of interest rate adjustments.

In order to identify interest rate risk, all financial instruments, including transactions not recognised in the balance sheet, are grouped into maturity bands based on their remaining terms to maturity or terms to an interest rate adjustment. Positions without a fixed maturity (e.g., demand deposits) are included on the basis of modelled deposit rates which are determined by means of statistical methods.

The following tables list the open fixed-income positions held by Erste Group in the four currencies that carry significant interest rate risk—€, CZK, HUF and RON—as of 31 March 2013 and 31 December 2012, 31 December 2011 and 31 December 2010.

Only the open fixed-income positions that are not allocated to the trading book are presented. Positive values indicate fixed-income risks on the asset side, i.e., a surplus of asset items; negative values represent a surplus on the liability side.

*Open fixed-income positions not assigned to the trading book as of 31 March 2013*

<b>As of 31 March 2013 in € million</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>5-7 years unaudited</b>	<b>7-10 years</b>	<b>over 10 years</b>
Fixed-interest gap in € positions as of 31 Mar 2013 . . . . .	(6,909.4)	1,712.9	381.2	1,400.9	1,250.6
Fixed-interest gap in CZK positions as of 31 Mar 2013 . . . . .	(794.7)	285.2	(1,153.4)	(1,347.8)	862.3
Fixed-interest gap in HUF positions as of 31 Mar 2013 . . . . .	196.2	13.7	(89.2)	(131.7)	0.0
Fixed-interest gap in RON positions as of 31 Mar 2013 . . . . .	653.8	324.5	(100.8)	(172.7)	1.8

Source: Internal information of Erste Group Bank.

*Open fixed-income positions not assigned to the trading book*

<b>As of 31 December 2012 in € million</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>5-7 years audited</b>	<b>7-10 years</b>	<b>over 10 years</b>
Fixed-interest gap in € positions as of 31 Dec 2012 . . . . .	(7,489.6)	2,373.8	1,875.7	1,927.0	768.2
Fixed-interest gap in CZK positions as of 31 Dec 2012 . . . . .	(3,759.9)	49.2	1,112.3	1,030.1	776.4
Fixed-interest gap in HUF positions as of 31 Dec 2012 . . . . .	148.5	119.7	(77.9)	(47.5)	0.0
Fixed-interest gap in RON positions as of 31 Dec 2012 . . . . .	505.4	501.0	(30.7)	(118.8)	(102.2)

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

*Open fixed-income positions not assigned to the trading book*

<b>As of 31 December 2011 in € million</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>5-7 years audited</b>	<b>7-10 years</b>	<b>over 10 years</b>
Fixed-interest gap in € positions as of 31 Dec 2011 . . . . .	(4,048.6)	1,586.1	2,541.1	1,754.7	(205.3)
Fixed-interest gap in CZK positions as of 31 Dec 2011 . . . . .	(2,524.3)	311.6	81.5	164.3	(486.3)
Fixed-interest gap in HUF positions as of 31 Dec 2011 . . . . .	405.9	132.6	(18.1)	(28.9)	0.0
Fixed-interest gap in RON positions as of 31 Dec 2011 . . . . .	97.9	247.6	345.9	(98.1)	(105.0)

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

*Open fixed-income positions not assigned to the trading book*

As of 31 December 2010 in € million	1-3 years	3-5 years	5-7 years audited	7-10 years	over 10 years
Fixed-interest gap in € positions as of 31 Dec 2010 . . . . .	(1,266.4)	725.0	(350.1)	588.1	2,354.6
Fixed-interest gap in CZK positions as of 31 Dec 2010 . . . . .	(3,768.9)	(1,930.6)	(46.6)	968.7	1,421.4
Fixed-interest gap in HUF positions as of 31 Dec 2010 . . . . .	(576.7)	584.7	222.9	49.9	0.1
Fixed-interest gap in RON positions as of 31 Dec 2010 . . . . .	(297.4)	445.1	457.8	61.2	3.9

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

**Exchange rate risk**

Erste Group is exposed to several types of risks related to exchange rates. These concern risks from open foreign exchange positions and others.

Risk from open currency positions is the risk related to exchange rates that derives from the mismatch between assets and liabilities, or from currency-related financial derivatives. These risks might originate from customer-related operations or proprietary trading and are monitored and managed on a daily basis. Foreign currency exposure is subject to regulatory and internal limits. The internal limits are set by the Market Risk Committee.

Erste Group separately measures and manages other types of risks relating to the Group's balance sheet and earnings structure. The translation risk related to the valuation of the balance sheet positions, earnings, dividends and participations/net investments in local currency or foreign exchange has an impact on consolidated earnings and consolidated capital. Erste Group is also reducing the negative impact related to volatility of foreign exchange on assets' performance (for example as a result of foreign exchange lending in the CEE countries).

In order to manage its multi-currency earnings structure, Erste Group regularly discusses hedging opportunities and takes decisions in the Group Asset/Liability Committee ("Group ALCO"). Asset/Liability Management ("ALM") uses as the usual source of information the current financial results and the financial budget prepared for the upcoming period to obtain as much information as possible on the future foreign cash flows. The proposal, which includes mainly the volume, hedging level, hedge ratio and timeline of the hedging, is submitted by ALM to Group ALCO. The impact of translation on consolidated capital is monitored and reported to Group ALCO. Group ALCO decisions are then implemented by ALM and the implementation status is reported on a monthly basis to Group ALCO.



The following table shows the largest open exchange rate positions of Erste Group as of the dates indicated.

### **Open exchange rate positions**

in € thousand	31 March 2013 unaudited	31 December 2012 audited, unless indicated otherwise	31 December 2011	31 December 2010
U.S. dollar (USD) . . . . .	(19,758)	(68,095)	(52,027)	(71,319)
Croatian kuna (HRK) . . . . .	27,688	41,672	34,943	(1,480)
Hongkong dollar (HKD) . . . . .	31,100	38,255	(1,210)	14,815
Swiss francs (CHF) . . . . .	11,078	(36,245)	(28,629)	(14,328)
British pound (GBP) . . . . .	(2,320)	32,426	(17,771)	1,098
Romanian lei (RON) . . . . .	17,334	25,275	(55,789)	8,132
Hungarian forint (HUF) . . . . .	7,575	17,759	(65,737)	4,679
Czech koruna (CZK) . . . . .	36,963	(13,620)	25,536	2,709
Chinese renminbi (CNY) (unaudited) . . . . .	2,373	141	(654)	7
Polish zloty (PLN) (unaudited) . . . . .	22,370	(8,441)	6,058	1,426
Japanese yen (JPY) (unaudited) . . . . .	(9,548)	4,323	(1,395)	(17,125)

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

### **Hedging**

Banking book market risk management consists of optimising Erste Group's risk position by finding the proper trade-off between the economic value of the balance sheet and forecasted earnings. Decisions are based on the balance sheet development, economic environment, competitive landscape, fair value of risk, effect on net interest income and appropriate liquidity position. The steering body responsible for interest rate risk management is the Group ALCO. The ALM submits proposals for actions to steer the interest rate risk to the Group ALCO and implements Group ALCO's decisions.

In order to achieve the goals of risk management, hedging activities focus on the two main control variables: net interest income and market value of equity risk. In a broader sense, hedging refers to an economic activity that mitigates risk but does not necessarily qualify for hedge accounting under IFRS rules. Within the scope of IFRS-compliant hedge accounting, cash flow hedges and fair value hedges are used. If IFRS-compliant hedge accounting is not possible the fair value option is applied, where appropriate, for the hedging of market values. Most of the hedging within Erste Group concerns hedging of interest rate risk. The remainder is hedging foreign exchange rate risk. IFRS hedge accounting is one of the tools for managing the risk.

## **Liquidity risk**

### **Definition and overview**

The liquidity risk is defined in Erste Group in line with the principles set by the Basel Committee on Banking Supervision and Austrian regulators (*Liquiditätsrisikomanagement-Verordnung*, or "LMRV"). Accordingly, a distinction is made between market liquidity risk, which is the risk that Erste Group entities cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption, and funding liquidity risk, which is the risk that the banks in Erste Group will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of Erste Group members.

Funding liquidity risk is further divided into insolvency risk and structural liquidity risk. The former is the short-term risk that current or future payment obligations cannot be met in full

and on time in an economically justified manner, while structural liquidity risk is the long-term risk of losses due to a change in Erste Group's own refinancing cost or spread.

Erste Group's 2012 liquidity strategy was implemented successfully. The original issuance plan of €3.5 billion was increased during the year to €4.6 billion in view of successful EUR and USD subordinated benchmark issues and in light of continuing demand from retail customers. The total amount issued consisted of €2.6 billion in senior bonds, €1.2 billion in *Pfandbriefe* (covered bonds), and €0.9 billion in subordinated debt. In February 2012, Erste Group participated in its second three-year longer-term refinancing operations (LTRO) of the European Central Bank in an amount of €1.2 billion (raising its total LTRO volume to then €4.2 billion). Erste Group's liquidity position continued to improve during 2012, as well functioning capital markets made it possible to cover its refinancing needs at low costs. In Erste Group's liquidity strategy for 2013, long term issuance is planned to reach only €1.5 billion in 2013, a significantly lower amount than in recent years. Year-to-date issuance is in line with the plan, amounting to €540 million, consisting of €295 million in senior bonds, €145 million in *Pfandbriefe* (covered bonds), and €100 million in subordinated debt. Due to a rapidly improving liquidity position resulting from a significantly declining loan-to-deposit ratio, by the end of February 2013, Erste Group fully repaid the LTRO funds of the ECB amounting to €4 billion which had been taken up by its core group entities while LTRO funds of the ECB amounting to €0.2 billion remained with three savings banks consolidated due to their membership in the *Haftungsverbund*.

Erste Group continues its ongoing project activities to improve the framework for group-wide liquidity risk reporting. One of the goals of the project is to meet the new regulatory requirements from the Basel 3 framework (*i.e.*, monitoring of the liquidity coverage ratio and the net stable funding ratio).

#### **Methods and instruments employed**

Short-term insolvency risk is monitored by calculating the survival period for each currency on both entity and group levels. This analysis determines the maximum period during which the entity can survive a serious combined crisis (market crisis plus reputation crisis) while relying on its pool of liquid assets. The monitored worst-case scenario simulates very limited money market and capital market access and at the same time significant client deposit outflow. Furthermore, higher drawing rates of guarantees and credit facilities are assumed while taking into account counterparty type in estimating the probability of drawdown.

Erste Group manages long-term (structural) liquidity risk on both group and individual subsidiary level through a multiple scenario approach, Dynamic aspects of the renewal of existing balance sheet items are incorporated through a certain set of assumptions describing the going concern situation outside of crisis situations. Similarly, the modelling of customer business is adjusted according to the respective scenario. The purpose of the analysis is to determine Erste Group's ability to withstand distressed situations before they actually occur.

Legal lending limits (LLLs) exist in all CEE countries where Erste Group is represented. They restrict liquidity flows between Erste Group's subsidiaries in different countries. LLLs set limits on a bank's claims against a group of related companies. The limits refer to the bank's own funds and typical amounts are up to 25%. This restriction is taken into account for assessment of liquidity risk in the Survival Period Model.

Additionally, the traditional liquidity gaps (depicting the going concern maturity mismatches on a currency level) of the subsidiaries and Erste Group as a whole are reported and monitored regularly. Funding concentration risk is continuously analysed in respect to counterparties. Erste Group's fund transfer pricing ("FTP") system also proved to be an efficient tool for structural liquidity risk management.

## Methods and instruments of risk mitigation

General standards of liquidity risk controlling and management (standards, limits and analysis) have been defined and are continuously reviewed and improved by Erste Group.

The short-term liquidity risk is managed by the survival period model on both entity and group levels, while the long-term liquidity risk is managed on the basis of NSFR as a long-term liquidity ratio. Both limits are monitored on a single currency level, as well. Limit breaches are reported to the Group Asset/Liability Committee. Another important means for managing the liquidity risk within Erste Group Bank and in relation to its subsidiaries is the FTP system. As the process of planning funding needs provides important data for liquidity management, a detailed overview of funding needs is prepared on a quarterly basis for the planning horizon across Erste Group.

The Comprehensive Contingency Plan ensures the necessary coordination of all parties involved in the liquidity management process in case of crisis, and it is reviewed on a regular basis. The contingency plans of the subsidiaries are co-ordinated as part of the plan for the Erste Group.

## Analysis of liquidity risk

### Liquidity gap

The long-term liquidity position is managed using liquidity gaps on the basis of expected cash flows. This liquidity position is calculated for each materially relevant currency and based on the assumption of ordinary business activity.

Expected cash flows are broken out by contractual maturities in accordance with the amortisation schedule and ordered into maturity ranges. For products without contractual maturities (like demand deposits and overdrafts), cash flows are modelled on the basis of statistical analysis.

The following tables show liquidity gaps as of 31 March 2013 and 31 December 2012, 2011 and 2010:

in € million	< 1 month				1-12 months			
	As of 31 March 2013 unaudited	As of 31 December audited			As of 31 March 2013 unaudited	As of 31 December audited		
		2012	2011	2010		2012	2011	2010
Liquidity gap . . . . .	28,107	32,443	32,653	23,426	(39,700)	(38,930)	(40,710)	(34,607)

in € million	1-5 years				> 5 years			
	As of 31 March 2013 unaudited	As of 31 December audited			As of 31 March 2013 unaudited	As of 31 December audited		
		2012	2011	2010		2012	2011	2010
Liquidity gap . . . . .	(7,847)	(9,717)	(5,112)	(5,424)	19,440	16,204	13,168	16,605

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

An excess of assets over liabilities is indicated by a positive value, while an excess of liabilities over assets is indicated by a negative value.

### Counterbalancing capacity

Erste Group regularly monitors its counterbalancing capacity, which consists of cash, excess minimum reserve at the central banks as well as unencumbered central bank eligible assets and other liquid securities, including changes from repos, reverse repos and securities lending transactions. These assets can be mobilised in the short term to offset potential cash outflows in a crisis situation. The term structure of the Group's counterbalancing capacity as of 31 March

2013 and 31 December 2012 and 2011 is shown in the following tables and has been calculated for the first time as of 31 December 2012, including comparative financial information as of 31 December 2011.

As of 31 March 2013 in € million	< 1 week	1 week- 1 month	1-3 months unaudited	3-6 months	6-12 months
Cash, excess reserve . . . . .	1,896	(499)	0	0	0
Liquid assets . . . . .	36,403	2,683	(937)	(630)	(307)
<b>Counterbalancing capacity . . . . .</b>	<b>38,299</b>	<b>2,184</b>	<b>(937)</b>	<b>(630)</b>	<b>(307)</b>

Source: Internal information of Erste Group Bank.

As of 31 December 2012 in € million	< 1 week	1 week- 1 month	1-3 months audited	3-6 months	6-12 months
Cash, excess reserve . . . . .	6,174	(631)	0	0	0
Liquid assets . . . . .	33,713	1,217	288	249	561
<b>Counterbalancing capacity . . . . .</b>	<b>39,887</b>	<b>586</b>	<b>288</b>	<b>249</b>	<b>561</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

As of 31 December 2011 in € million	< 1 week	1 week- 1 month	1-3 months audited	3-6 months	6-12 months
Cash, excess reserve . . . . .	3,093	0	0	0	0
Liquid assets . . . . .	35,596	(100)	(420)	(1,599)	(2,247)
<b>Counterbalancing capacity . . . . .</b>	<b>38,689</b>	<b>(100)</b>	<b>(420)</b>	<b>(1,599)</b>	<b>(2,247)</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011.

### Financial liabilities

Maturities of contractual, undiscounted cash flows from financial liabilities as of 31 March 2013 and 31 December 2012, 2011 and 2010, respectively, were as follows:

As of 31 March 2013 in € million	Carrying amounts	Contractual cash flows	< 1 month	1-12 months	1-5 years	> 5 years
<b>Non-derivative liabilities</b>	<b>178,423</b>	<b>188,307</b>	<b>75,676</b>	<b>47,333</b>	<b>40,264</b>	<b>25,034</b>
Deposits by banks . . . . .	21,359	22,066	12,038	4,021	2,764	3,243
Customer deposits . . . . .	122,532	125,325	62,778	35,770	19,351	7,426
Debt securities in issue . .	29,847	34,057	830	7,009	15,066	11,151
Subordinated liabilities . .	4,685	6,859	31	533	3,082	3,213
<b>Derivative liabilities . . . .</b>	<b>1,613</b>	<b>1,405</b>	<b>64</b>	<b>436</b>	<b>563</b>	<b>342</b>
Derivatives banking book <sup>(1)</sup> . . . . .	1,613	1,405	64	436	563	342
<b>Total . . . . .</b>	<b>180,036</b>	<b>189,712</b>	<b>75,740</b>	<b>47,769</b>	<b>40,827</b>	<b>25,375</b>

Source: Internal information of Erste Group Bank.

(1) The maturity analysis of undiscounted contractual cash flows of derivative financial instruments includes only the remaining contractual maturities for derivative financial liabilities in the banking book since these are essential for an understanding as to the timing of the cash flows.

As of 31 December 2012 in € million	Carrying amounts	Contractual cash flows	< 1 month audited	1-12 months audited	1-5 years	> 5 years
<b>Non-derivative liabilities</b>	<b>179,626</b>	<b>189,407</b>	<b>75,324</b>	<b>48,965</b>	<b>44,879</b>	<b>20,240</b>
Deposits by banks . . . . .	21,822	22,377	9,770	3,057	7,573	1,977
Customer deposits . . . . .	123,053	125,793	64,852	40,475	16,131	4,336
Debt securities in issue . .	29,445	33,746	669	4,971	17,002	11,104
Subordinated liabilities .	5,305	7,491	32	462	4,173	2,823
<b>Derivative liabilities . . . .</b>	<b>1,649</b>	<b>1,451</b>	<b>47</b>	<b>444</b>	<b>588</b>	<b>372</b>
Derivatives banking book <sup>(1)</sup> . . . . .	1,649	1,451	47	444	588	372
<b>Total . . . . .</b>	<b>181,275</b>	<b>190,858</b>	<b>75,371</b>	<b>49,409</b>	<b>45,467</b>	<b>20,612</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

(1) The maturity analysis of undiscounted contractual cash flows of derivative financial instruments includes only the remaining contractual maturities for derivative financial liabilities in the banking book since these are essential for an understanding as to the timing of the cash flows.

As of 31 December 2011 in € million	Carrying amounts	Contractual cash flows	< 1 month audited	1-12 months audited	1-5 years	> 5 years
<b>Non-derivative liabilities</b>	<b>179,230</b>	<b>189,550</b>	<b>74,403</b>	<b>51,923</b>	<b>41,228</b>	<b>21,996</b>
Deposits by banks . . . . .	23,785	24,757	10,571	4,764	6,381	3,040
Customer deposits . . . . .	118,880	121,101	60,704	41,894	13,944	4,558
Debt securities in issue . .	30,782	35,262	3,100	4,759	16,818	10,586
Subordinated liabilities .	5,783	8,430	28	505	4,086	3,812
<b>Derivative liabilities . . . .</b>	<b>1,647</b>	<b>1,445</b>	<b>156</b>	<b>358</b>	<b>490</b>	<b>441</b>
Derivatives banking book <sup>(1)</sup> . . . . .	1,647	1,445	156	358	490	441
<b>Total . . . . .</b>	<b>180,877</b>	<b>190,995</b>	<b>74,559</b>	<b>52,281</b>	<b>41,718</b>	<b>22,437</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

(1) The maturity analysis of undiscounted contractual cash flows of derivative financial instruments includes only the remaining contractual maturities for derivative financial liabilities in the banking book since these are essential for an understanding as to the timing of the cash flows.

As of 31 December 2010 in € million	Carrying amounts restated	Contractual cash flows restated	< 1 month restated audited	1-12 months restated	1-5 years restated	> 5 years restated
<b>Non-derivative liabilities</b>	<b>174,306</b>	<b>184,321</b>	<b>70,622</b>	<b>51,950</b>	<b>39,145</b>	<b>22,604</b>
Deposits by banks . . . . .	20,154	21,004	11,545	3,869	3,311	2,279
Customer deposits . . . . .	117,016	119,568	55,418	42,386	16,229	5,535
Debt securities in issue . .	31,298	35,556	3,643	5,115	17,600	9,199
Subordinated liabilities .	5,838	8,193	16	580	2,006	5,591
<b>Derivative liabilities . . . .</b>	<b>2,305</b>	<b>1,886</b>	<b>65</b>	<b>463</b>	<b>862</b>	<b>496</b>
Derivatives banking book <sup>(1)</sup> . . . . .	2,305	1,886	65	463	862	496
<b>Total . . . . .</b>	<b>176,611</b>	<b>186,207</b>	<b>70,687</b>	<b>52,413</b>	<b>40,007</b>	<b>23,100</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) The maturity analysis of undiscounted contractual cash flows of derivative financial instruments includes only the remaining contractual maturities for derivative financial liabilities in the banking book since these are essential for an understanding as to the timing of the cash flows.

Contingent credit liabilities arising from financial guarantees amounting to €6,363 million as of 31 December 2012 (2011: €6,920 million) as well as from unused irrevocable commitments amounting to €14,415 million as of 31 December 2012 (2011: €18,579 million) are not included in these tables.

As of 31 December 2012 the volume of customer deposits due on demand amounted to €51.1 billion (2011: €47.9 billion). Observation of customer behaviour has shown that 95% of this volume is stable during the ordinary course of business. This means that only a minor part of the on-demand portfolio is with-drawn by the customer, whereas the major part remains generally in the bank.

## **Operational risk**

### **Definition and overview**

In line with Section 2 (57(d)) Austrian Banking Act, Erste Group defines operational risk as the risk of loss resulting from inadequacy or failure of internal processes, people or systems, or from external events, including legal risks. Both quantitative and qualitative methods are used to identify operational risks. Consistent with international practice, the responsibility for managing operational risk rests with the line management.

### **Methods and instruments employed**

The quantitative measurement methods are based on internal loss experience data, which is collected across Erste Group using a standard methodology and entered into a central data pool. Additionally, in order to be able to model losses that have not occurred in the past but are nonetheless possible, scenarios and external data are also used. Erste Group sources external data from a leading non-profit risk-loss data consortium.

Erste Group received regulatory approval for the Advanced Measurement Approach ("AMA") in 2009. AMA is a sophisticated approach to measuring operational risk. Pursuant to AMA, the required capital is calculated using an internal VaR model, taking into account internal data, external data, scenario analysis, business environment and internal risk control factors. In 2011, Erste Group received approval to use insurance contracts for mitigation within the AMA pursuant to Section 22 (1) Austrian Banking Act.

### **Methods and instruments of risk mitigation**

In addition to quantitative methods, qualitative methods are also used to determine operational risk, such as risk assessment surveys (risk and control self-assessments). The results of and suggestions for risk control in these surveys, which are conducted by experts, are reported to the line management and thus help to reduce operational risks. Erste Group also reviews certain key indicators periodically to ensure early detection of changes in risk potential that may lead to losses.

Erste Group uses a group-wide insurance programme, which, since its establishment in 2004, has reduced the cost of meeting Erste Group's traditional property insurance needs and made it possible to buy additional insurance for previously uninsured bank-specific risks. This programme uses a captive reinsurance entity as vehicle to share losses within Erste Group and access the external market.

The quantitative and qualitative methods used, together with the insurance strategy and the modelling approaches described above, form the operational risk framework of Erste Group. Information on operational risk is periodically communicated to the management board via various reports, including the quarterly top management report, which describes recent loss history, loss development, qualitative information from risk assessments and key risk indicators as well as the operational VaR for Erste Group.



## Distribution of operational risk events

Detailed below is the percentage composition by type of event of operational risk sources as defined by the Basel 2 Capital Accord. The observation period is from 1 January 2008 to 31 March 2013.

The event type categories are as follow:

### **Internal fraud**

Losses due to acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or company policy, excluding diversity or discrimination events, which involve at least one internal party.

### **External fraud**

Losses due to acts by a third party of a type intended to defraud, misappropriate property or circumvent the law.

### **Employment practices and workplace safety**

Losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity or discrimination events.

### **Clients, products and business practices**

Losses arising from unintentional or negligent failure to meet a professional obligation to specific clients (including fiduciary and suitability requirements) or from the nature or design of a product.

### **Damage to physical assets**

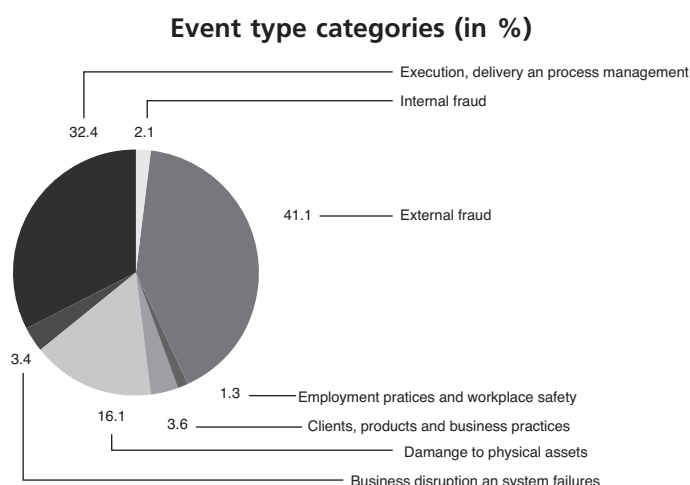
Losses arising from loss or damage to physical assets from natural disaster or other events.

### **Business disruption and system failures**

Losses arising from disruption of business or system failures.

### **Execution, delivery and process management**

Losses from failed transaction processing or process management. Losses pertaining to relationships with trading counterparties and vendors or suppliers.



Source: Internal information of Erste Group Bank.

## Hedge accounting

Fair value hedges are employed to reduce interest rate risk of issued bonds, purchased securities, loans or deposits on the Erste Group balance sheet. In general, the Erste Group policy is to swap all substantial fixed or structured issued bonds to floating positions and as such to manage the targeted interest rate risk profile by other balance sheet items. Interest

rate swaps are the most common instruments used for fair value hedges. Concerning loans, purchased securities and securities in issuance, fair value is also hedged by means of cross-currency swaps, swaptions, caps, floors and other types of derivative instruments.

Cash flow hedges are used to eliminate uncertainty in future cash flows in order to stabilise net interest income. The most common such hedge in Erste Group consists in interest rate swaps hedging variable cash flows of floating assets into fixed cash flows. Floors or caps are used to secure the targeted level of interest income in a changing interest rate environment.

In the first quarter 2013, reclassification adjustments in the amount of €0.8 million (first quarter 2012: €11.5 million) were made relating to the cash flow hedge reserve (including currency translation) and recognised as expense in the consolidated income statement (first quarter 2012: as expense), while a loss of €8.1 million (first quarter 2012: loss of €8.4 million) was recognised directly in other comprehensive income. In 2012, €37 million (2011: €37 million) was taken from the cash flow hedge reserve and recognised as income in the consolidated income statement (2011: as income); while €34 million (2011: €67 million) was recognised directly in other comprehensive income. The majority of the hedged cash flows are likely to occur within the next five years and will then be recognised in the consolidated income statement. Ineffectiveness from cash flow hedges amounting to negative €0.3 million (2011: €3.7 million) is reported in the net trading result.

in € million	March 2013		2012		2011		2010	
	Positive fair value unaudited	Negative fair value	Positive fair value	Negative fair value	Positive fair value audited	Negative fair value	Positive fair value	Negative fair value
Hedging instrument—fair value hedge <sup>(1)</sup>	2,401	740	2,408	707	1,680	576	1,570	783
Hedging instrument—cash flow hedge <sup>(2)</sup>	102	99	105	0	133	23	135	97

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.

(1) Shown as "Total fair value hedges" in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.

(2) Shown as "Total cash flow hedges" in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.

Fair value hedges during 2012 resulted in gains of €444.9 million on hedging instruments (2011: gains of €353.6 million) and losses of €465.6 million on hedged items (2011: losses of €382.4 million).

### Fair value of financial instruments

Financial instruments for which fair value is determined on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid OTC bonds.

Erste Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Financial instruments which are valued based on quoted (unadjusted) prices in active markets for identical assets or liabilities. This includes financial instruments which are traded in sufficient volume on an exchange, debt instruments quoted by several market participants with a sufficient depth, or liquid derivatives which are traded on an exchange.

Level 2: Financial instruments which are valued based on quoted prices (in non-active markets for similar assets or liabilities) or on inputs other than quoted prices that are observable. This includes yield curves derived from liquid underlying instruments or prices from similar instruments.

Level 3: Inputs used are not observable. This includes extrapolation of yield curves or volatilities, usage of historical volatilities, significant adjustment of quoted CDS spreads or equity prices and derivatives where credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters like internally derived default probabilities.

The table below details the valuation methods used to determine the fair value of financial instruments measured at fair value:

in € million	At 31 March 2013			Total
	Quoted market prices in active markets Level 1	Marked to model based on observable market data Level 2 unaudited	Marked to model based on non-observable inputs Level 3	
Financial assets—available for sale . . . . .	13,590	7,424	176	21,190
Financial assets—at fair value through profit or loss . . . . .	266	358	33	657
Trading assets—securities . . . . .	1,987	4,525	0	6,512
Positive market value—derivatives . . . . .	122	11,137	170	11,429
<b>Total assets . . . . .</b>	<b>15,965</b>	<b>23,444</b>	<b>379</b>	<b>39,788</b>
Customer deposits . . . . .	0	592	0	592
Debt securities in issue . . . . .	0	1,681	0	1,681
Subordinated liabilities . . . . .	0	280	0	280
Trading liabilities . . . . .	332	36	0	368
Negative market value—derivatives . . . . .	96	9,218	0	9,314
<b>Total liabilities and equity . . . . .</b>	<b>428</b>	<b>11,807</b>	<b>0</b>	<b>12,235</b>

Source: Unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013.

in € million	At 31 December 2012			Total
	Quoted market prices in active markets Level 1	Marked to model based on observable market data Level 2 audited	Marked to model based on non-observable inputs Level 3	
Financial assets—available for sale . . . . .	14,879	7,016	147	22,042
Financial assets—at fair value through profit or loss . . . . .	329	364	23	716
Trading assets—securities . . . . .	2,509	2,660	9	5,178
Positive market value—derivatives . . . . .	1	13,149	139	13,289
<b>Total assets . . . . .</b>	<b>17,718</b>	<b>23,189</b>	<b>318</b>	<b>41,225</b>
Customer deposits . . . . .	0	633	0	633
Debt securities in issue . . . . .	79	1,562	0	1,641
Subordinated liabilities . . . . .	0	279	0	279
Trading liabilities . . . . .	0	481	0	481
Negative market value—derivatives . . . . .	0	10,878	0	10,878
<b>Total liabilities and equity . . . . .</b>	<b>79</b>	<b>13,833</b>	<b>0</b>	<b>13,912</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

in € million	At 31 December 2012			
	Quoted market prices in active markets Level 1	Marked to model based on observable market data	Marked to model based on non-observable inputs Level 3	Total
		Level 2 audited	Level 3	
Loans to credit institutions . . . . .	0	0	4	4
Financial assets—available for sale . . . . .	13,574	6,092	148	19,814
Financial assets—at fair value through profit or loss . . . . .	722	1,064	27	1,813
Trading assets—securities . . . . .	2,087	3,789	0	5,876
Positive market value—derivatives . . . . .	2	10,929	0	10,931
<b>Total assets . . . . .</b>	<b>16,385</b>	<b>21,874</b>	<b>179</b>	<b>38,438</b>
Negative market value—derivatives . . . . .	0	9,335	2	9,337
Customer deposits . . . . .	0	553	0	553
Debt securities in issue . . . . .	85	696	0	781
Subordinated liabilities . . . . .	0	215	0	215
Trading liabilities . . . . .	0	536	0	536
<b>Total liabilities and equity . . . . .</b>	<b>85</b>	<b>11,335</b>	<b>2</b>	<b>11,422</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011.

in € million	At 31 December 2010			
	Quoted market prices in active markets Level 1	Marked to model based on observable market data	Marked to model based on non-observable inputs Level 3	Total
		Level 2 audited	Level 3	
Financial assets—available for sale . . . . .	10,704	6,385	160	17,249
Financial assets—at fair value through profit or loss . . . . .	1,039	1,286	78	2,403
Trading assets—securities . . . . .	2,905	2,619	0	5,524
Positive market value—derivatives . . . . .	1	8,507	0	8,508
<b>Total assets . . . . .</b>	<b>14,649</b>	<b>18,797</b>	<b>238</b>	<b>33,684</b>
Negative market value—derivatives . . . . .	1	8,396	2	8,399
Trading liabilities . . . . .	105	111	0	216
<b>Total liabilities and equity . . . . .</b>	<b>106</b>	<b>8,507</b>	<b>2</b>	<b>8,615</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

The volume of products whose fair values are determined using valuation models based on non-observable market data is driven in large part by illiquid bonds and securities not quoted in an active market and derivatives where credit value adjustment (CVA) has a material impact.

### Movements in Level 3 of financial instruments measured at fair value

The following tables show the development of fair value of securities for which valuation models are based on non-observable inputs:

in € million	Dec 2012	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Sales/ Settlements unaudited	Transfer into Level 3	Transfers out of Level 3	Currency translation	Mar 2013
Financial assets—									
available for sale . . . . .	147	1	2	78	(44)	7	(15)	0	176
Financial assets—at									
fair value through									
profit or loss . . . . .	23	0	0	13	(7)	4	0	0	33
Trading assets—									
securities . . . . .	9	2	0	0	(11)	0	0	0	0
Positive market									
value-derivatives . . . . .	139	31	0	0	0	0	0	0	170
<b>Total assets . . . . .</b>	<b>318</b>	<b>34</b>	<b>2</b>	<b>91</b>	<b>(62)</b>	<b>11</b>	<b>(15)</b>	<b>0</b>	<b>379</b>

Source: Unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.

in € million	2011	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Sales/ Settlements audited	Transfer into Level 3	Transfers out of Level 3	Currency translation	2012
Loans to credit									
institutions . . . . .	4	0	0	0	(4)	0	0	0	0
Financial assets—									
available for sale . . . . .	148	(7)	4	44	(25)	3	(20)	0	147
Financial assets—at									
fair value through									
profit or loss . . . . .	27	(3)	0	0	0	0	0	0	24
Trading assets—									
securities . . . . .	0	0	0	9	0	0	0	0	9
Positive market									
value-derivatives . . . . .	0	0	0	0	0	139	0	0	139
<b>Total assets . . . . .</b>	<b>179</b>	<b>(10)</b>	<b>4</b>	<b>53</b>	<b>(29)</b>	<b>142</b>	<b>(20)</b>	<b>0</b>	<b>318</b>
Negative market									
value-derivatives . . . . .	2	(2)	0	0	0	0	0	0	0
<b>Total liabilities and equity . . . . .</b>	<b>2</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012.

in € million	2010	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Sales/ Settlements audited	Transfer into Level 3	Transfers out of Level 3	Currency translation	2011
Loans to credit institutions . . . . .	0	0	0	4	0	0	0	0	4
Financial assets—available for sale . . . . .	160	(2)	0	40	(48)	0	(2)	0	148
Financial assets—at fair value through profit or loss . . . . .	78	(8)	0	0	(43)	0	0	0	27
<b>Total assets . . . . .</b>	<b>238</b>	<b>(10)</b>	<b>0</b>	<b>44</b>	<b>(91)</b>	<b>0</b>	<b>(2)</b>	<b>0</b>	<b>179</b>
Negative market value—derivatives	2	(1)	0	0	0	1	0	0	2
<b>Total liabilities and equity . . . . .</b>	<b>2</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011.

in € million	2009	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Purchases	Sales/ Settlements audited	Transfer into Level 3	Transfers out of Level 3	Currency translation	2010
Financial assets—available for sale . . . . .	175	(3)	1	10	(18)	3	(8)	0	160
Financial assets—at fair value through profit or loss . . . . .	95	(4)	0	0	(20)	2	0	5	78
Trading assets . . . . .	0	(1)	0	1	0	0	0	0	0
<b>Total . . . . .</b>	<b>270</b>	<b>(8)</b>	<b>1</b>	<b>11</b>	<b>(38)</b>	<b>5</b>	<b>(8)</b>	<b>5</b>	<b>238</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

Gains or losses on Level 3 securities held at the reporting period's end and which are included in comprehensive income are as follows:

in € million	March 2013		2012		2011		2010	
	Gain/loss in profit or loss unaudited	Gain/loss in other comprehensive income	Gain/loss in profit or loss	Gain/loss in other comprehensive income	Gain/loss in profit or loss audited	Gain/loss in other comprehensive income	Gain/loss in profit or loss	Gain/loss in other comprehensive income
Loans to credit institutions . . . . .	0.0	0.0	0.0	0.0	(0.3)	0.0	0.0	0.0
Financial assets—available for sale . . . . .	(1.1)	(0.9)	(8.0)	4.2	(0.5)	(0.4)	(4.0)	1.0
Financial assets—at fair value through profit or loss . . . . .	(0.3)	0.0	(2.2)	0.0	(5.2)	0.0	(3.0)	0.0
Trading assets . . . . .	0.0	0.0	(0.2)	0.0	0.0	0.0	(1.0)	0.0
Positive market value—derivatives	33.1	0.0	0.4	0.0	0.0	0.0	0.0	0.0
Negative market value—derivatives	0.0	0.0	(0.2)	0.0	0.7	0.0	0.0	0.0
<b>Total . . . . .</b>	<b>33.8</b>	<b>(0.9)</b>	<b>(10.2)</b>	<b>4.2</b>	<b>(5.3)</b>	<b>(0.4)</b>	<b>(8.0)</b>	<b>1.0</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.



## Movements between Level 1 and Level 2

The share of Level 2 assets decreased compared to 2011, which is mainly due to the fact of reinvestment in bonds which are valued via prices. A minor number of securities were reclassified from Level 2 to Level 1 and from Level 1 to Level 2, respectively. The reclassification resulted from increase or decrease in market depth for the relevant securities. The share of Level 2 assets increased insignificantly in the first quarter 2013; an increase in Level 2 securities (mainly due to increased trading book positions) was compensated by the reduction of positive market values. A minor number of securities were reclassified from Level 2 to Level 1 and from Level 1 to Level 2, respectively. The reclassification resulted from the increase or decrease in market depth for the relevant securities.

## Movements in Level 3 financial instruments measured at fair value

As the portfolio quality in 2012 remained stable, there was no material change in the Level 3 category. As the portfolio quality in the first quarter 2013 continued to be stable, there was no material change in the Level 3 category.

## Sensitivity analysis of unobservable parameters

If the value of financial instruments is dependent on unobservable input parameters, the precise level for these parameters could be drawn from a range of reasonably possible alternatives. In preparing the financial statements, levels for the parameters are chosen from these ranges using judgement consistent with prevailing market evidence. Had all these unobservable parameters been moved simultaneously to the extremes of their ranges as of 31 December 2012, it could have increased fair value by as much as €14.4 million (2011: €13.2 million) or decreased fair value by as much as €20.3 million (2011: €20.6 million). In estimating these impacts, mainly probabilities of default and market values for equities were emphasised.

## Fair values of financial instruments not measured at fair value

The following table shows fair values of financial instruments not measured at fair value:

in € million	As of 31 March		As of 31 December					
	2013		2012		2011		2010	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
	unaudited				audited			
<b>Assets</b>								
Cash and balances with								
central banks . . . . .	7,446	7,446	9,740	9,740	9,413	9,413	5,839	5,839
Loans and advances to credit								
institutions <sup>(1)</sup> . . . . .	12,402	11,903	9,054	9,007	7,552	7,506	12,464	12,412
Loans and advances to								
customers . . . . .	127,846	122,704	127,170	124,354	130,614	127,808	128,736	126,300
Financial assets—held to								
maturity . . . . .	20,567	19,025	20,292	18,972	16,074	16,060	14,355	14,235
<b>Liabilities</b>								
Deposits by banks . . . . .	21,142	20,678	22,042	21,822	24,007	23,785	20,289	20,154
Customer deposits . . . . .	125,281	122,532	122,286	122,421	118,853	118,327	116,912	116,648
Debt securities in issue . . . . .	28,657	28,130	29,340	27,786	30,202	30,001	31,573	31,210
Subordinated liabilities . . . . .	5,064	5,086	5,394	5,044	5,709	5,568	5,346	5,838

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013.

(1) Shown as "Loans to credit institutions" in the consolidated financial statements for the financial year ended 31 December 2012.

The fair value of loans and advances to customers and credit institutions has been calculated by discounting future cash flows while taking into consideration interest effects. Loans and advances were grouped into homogeneous portfolios based on maturity.

For liabilities without contractual maturities, the carrying amount represents its fair value. The fair value of the other liabilities is estimated by taking into consideration the actual interest rate environment and changes in own credit risk.

As of 31 March 2013										
Category of financial instruments										
in € million	Loans and receivables	Held to maturity	Trading	Designated at fair value	Available for sale unaudited	Financial liabilities at amortised cost	Other financial assets	Derivatives designated as hedging instruments	Finance lease according to IAS 17	Total
<b>Assets</b>										
Cash and balances with central banks . . . . .	5,413	0	0	0	0	0	2,033	0	0	7,446
Loans and advances to credit institutions . . . . .	11,964	0	0	0	0	0	0	0	0	11,964
Loans and advances to customers . . . . .	125,147	0	0	0	0	0	0	0	5,188	130,335
Risk provisions for loans and advances . . . . .	(7,692)	(3)	0	0	0	0	0	0	0	(7,695)
Derivative financial instruments . . . . .	0	0	8,926	0	0	0	0	2,503	0	11,429
Trading assets . . . . .	0	0	6,512	0	0	0	0	0	0	6,512
Financial assets—at fair value through profit or loss . . . .	0	0	0	657	0	0	0	0	0	657
Financial assets—available for sale . . . . .	0	0	0	0	21,190	0	0	0	0	21,190
Financial assets—held to maturity . . . . .	0	19,028	0	0	0	0	0	0	0	19,028
<b>Total financial assets . . . . .</b>	<b>135,630</b>	<b>19,025</b>	<b>15,438</b>	<b>657</b>	<b>21,190</b>	<b>0</b>	<b>2,022</b>	<b>2,503</b>	<b>5,188</b>	<b>200,866</b>
<b>Liabilities</b>										
Deposits by banks . . . . .	0	0	0	0	0	20,678	0	0	0	20,678
Customer deposits . . . . .	0	0	0	592	0	122,532	0	0	0	123,124
Debt securities in issue . . . . .	0	0	0	1,681	0	28,130	0	0	0	29,811
Derivative financial instruments . . . . .	0	0	8,475	0	0	0	0	839	0	9,314
Trading liabilities . . . . .	0	0	368	0	0	0	0	0	0	368
Subordinated liabilities . . . . .	0	0	0	280	0	5,086	0	0	0	5,366
<b>Total financial liabilities . . . . .</b>	<b>0</b>	<b>0</b>	<b>8,843</b>	<b>2,553</b>	<b>0</b>	<b>176,426</b>	<b>0</b>	<b>839</b>	<b>0</b>	<b>188,661</b>

Source: Unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

## Financial instruments per category according to IAS 39

in € million	As of 31 December 2012									
	Category of financial instruments									
	Loans and receivables	Held to maturity	Trading	Designated at fair value	Available for sale audited	Financial liabilities at amortised cost	Other financial assets	Derivatives designated as hedging instruments	Finance lease according to IAS 17	Total
<b>Assets</b>										
Cash and balances with central banks . . . . .	7,398	0	0	0	0	0	2,342	0	0	9,740
Loans and advances to credit institutions . . . . .	9,074	0	0	0	0	0	0	0	0	9,074
Loans and advances to customers . . . . .	126,799	0	0	0	0	0	0	0	5,129	131,928
Risk provisions for loans and advances . . . . .	(7,641)	(3)	0	0	0	0	0	0	0	(7,644)
Derivative financial instruments . . . . .	0	0	10,777	0	0	0	0	2,512	0	13,289
Trading assets . . . . .	0	0	5,178	0	0	0	0	0	0	5,178
Financial assets—at fair value through profit or loss . . . .	0	0	0	716	0	0	0	0	0	716
Financial assets—available for sale . . . . .	0	0	0	0	22,418	0	0	0	0	22,418
Financial assets—held to maturity . . . . .	0	18,975	0	0	0	0	0	0	0	18,975
<b>Total financial assets . . . . .</b>	<b>135,630</b>	<b>18,972</b>	<b>15,955</b>	<b>716</b>	<b>22,418</b>	<b>0</b>	<b>2,342</b>	<b>2,512</b>	<b>5,129</b>	<b>203,674</b>
<b>Liabilities</b>										
Deposits by banks . . . . .	0	0	0	0	0	21,822	0	0	0	21,822
Customer deposits . . . . .	0	0	0	633	0	122,420	0	0	0	123,053
Debt securities in issue . . . . .	0	0	0	1,641	0	27,786	0	0	0	29,427
Derivative financial instruments . . . . .	0	0	10,171	0	0	0	0	707	0	10,878
Trading liabilities . . . . .	0	0	481	0	0	0	0	0	0	481
Subordinated liabilities . . . . .	0	0	0	279	0	5,044	0	0	0	5,323
<b>Total financial liabilities . . . . .</b>	<b>0</b>	<b>0</b>	<b>10,652</b>	<b>2,553</b>	<b>0</b>	<b>177,072</b>	<b>0</b>	<b>707</b>	<b>0</b>	<b>190,984</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

As of 31 December 2011										
Category of financial instruments										
	Loans and receivables	Held to maturity	Trading	Designated at fair value	Available for sale	Financial liabilities at amortised cost audited	Other financial assets	Derivatives designated as hedging instruments	Finance lease according to IAS 17	Total
in € million										
<b>Assets</b>										
Cash and balances with central banks . . . . .	7,249	0	0	0	0	0	2,164	0	0	9,413
Loans and advances to credit institutions . . . . .	7,574	0	0	4	0	0	0	0	0	7,578
Loans and advances to customers . . . . .	129,119	0	0	0	0	0	0	0	5,631	134,750
Risk provisions for loans and advances . . . . .	(7,027)	0	0	0	0	0	0	0	0	(7,027)
Derivative financial instruments . . . . .	0	0	9,118	0	0	0	0	1,813	0	10,931
Trading assets . . . . .	0	0	5,876	0	0	0	0	0	0	5,876
Financial assets—at fair value through profit or loss . . . .	0	0	0	1,813	0	0	0	0	0	1,813
Financial assets—available for sale . . . . .	0	0	0	0	20,245	0	0	0	0	20,245
Financial assets—held to maturity . . . . .	0	16,074	0	0	0	0	0	0	0	16,074
<b>Total financial assets . . . . .</b>	<b>136,915</b>	<b>16,074</b>	<b>14,994</b>	<b>1,817</b>	<b>20,245</b>	<b>0</b>	<b>2,164</b>	<b>1,813</b>	<b>5,631</b>	<b>199,653</b>
<b>Liabilities</b>										
Deposits by banks . . . . .	0	0	0	0	0	23,785	0	0	0	23,785
Customer deposits . . . . .	0	0	0	553	0	118,327	0	0	0	118,880
Debt securities in issue . . . . .	0	0	0	781	0	30,001	0	0	0	30,782
Derivative financial instruments . . . . .	0	0	8,738	0	0	0	0	599	0	9,337
Trading liabilities . . . . .	0	0	536	0	0	0	0	0	0	536
Subordinated liabilities . . . . .	0	0	0	215	0	5,568	0	0	0	5,783
<b>Total financial liabilities . . . . .</b>	<b>0</b>	<b>0</b>	<b>9,274</b>	<b>1,549</b>	<b>0</b>	<b>177,681</b>	<b>0</b>	<b>599</b>	<b>0</b>	<b>189,103</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 including comparative financial information for the financial year ended 31 December 2011.

As of 31 December 2010								
Category of financial instruments								
in € million	Loans and receivables restated	Held to maturity	Trading restated	Designated at fair value audited	Available for sale	Financial assets and financial liabilities at amortised cost	Derivatives designated as hedging instruments	Total restated
<b>Assets</b>								
Cash and balances with central banks . . . . .	0	0	0	0	0	5,839	0	5,839
Loans and advances to credit institutions . . . . .	12,496	0	0	0	0	0	0	12,496
Loans and advances to customers	132,334	0	0	0	0	0	0	132,334
Risk provisions for loans and advances . . . . .	(6,119)	0	0	0	0	0	0	(6,119)
Derivative financial instruments .	0	0	6,803	0	0	0	1,705	8,508
Trading assets . . . . .	0	0	5,536	0	0	0	0	5,536
Financial assets—at fair value through profit or loss . . . . .	0	0	0	2,435	0	0	0	2,435
Financial assets—available for sale . . . . .	0	0	0	0	17,751	0	0	17,751
Financial assets—held to maturity	0	14,235	0	0	0	0	0	14,235
Accruals <sup>(1)</sup> . . . . .	0	0	0	0	0	1,204	0	1,204
<b>Total financial assets . . . . .</b>	<b>138,711</b>	<b>14,235</b>	<b>12,339</b>	<b>2,435</b>	<b>17,751</b>	<b>7,043</b>	<b>1,705</b>	<b>194,219</b>
<b>Liabilities</b>								
Deposits by banks . . . . .	0	0	0	0	0	20,154	0	20,154
Customer deposits . . . . .	0	0	0	368	0	116,648	0	117,016
Debt securities in issue . . . . .	0	0	0	89	0	31,209	0	31,298
Derivative financial instruments .	0	0	7,519	0	0	0	880	8,399
Trading liabilities . . . . .	0	0	216	0	0	0	0	216
Subordinated liabilities . . . . .	0	0	0	0	0	5,838	0	5,838
Accruals <sup>(2)</sup> . . . . .	0	0	0	0	0	1,839	0	1,839
<b>Total financial liabilities . . . . .</b>	<b>0</b>	<b>0</b>	<b>7,735</b>	<b>457</b>	<b>0</b>	<b>175,688</b>	<b>880</b>	<b>184,760</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010.

(1) Accruals are reported in other assets in the balance sheet.

(2) Accruals are reported in other liabilities in the balance sheet.

## Selected statistical information

The statistical data presented below is taken or derived from Erste Group's audited consolidated financial statements as of and for the financial years ended 31 December 2012 and 2011, including comparative financial information as of and for the financial year ended 31 December 2010, Erste Group's unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013, or is based on accounting records, internal calculations or information of Erste Group Bank. This data is regularly collected in connection with Erste Group's financial reporting and management information systems. This information is, unless stated otherwise herein, unaudited and has been stated on the basis of IFRS.

### Average balances and net interest income

The following tables set forth Erste Group's average balances of assets and liabilities and net interest income for the three-month period ended 31 March 2013 and the years ended 31 December 2012, 2011 and 2010. For purposes of this table and the following tables under "*Selected statistical information*" setting forth averages of total volumes, balances and interest rates during the financial years ended 31 December 2012, 2011 and 2010, the average is calculated on the basis of monthly closing balances throughout the relevant financial year, including the closing balance of the prior financial year. Averages for the three-month period ended 31 March 2013 are calculated on the basis of the closing balances of 31 December 2012 and 31 March 2013, *i.e.*, the balance at the beginning and the end of the three-month period ended 31 March 2013. Average rates for the three-month period ended 31 March 2013 are calculated based on annualised interest income/expense.



	Three months ended 31 March 2013			Year ended 31 December 2012		
	Interest Income/ Expense	Average Balance	Average Rates p.a. in %	Interest Income/ Expense	Average Balance	Average Rates p.a. in %
in € million, unless indicated otherwise						
<b>Assets</b>						
Loans and advances to credit institutions (including derivatives) <sup>(1)</sup> .	314	22.815	5.5	944	24,569	3.8
Loans and advances to customers <sup>(2)</sup> . .	1.314	123.528	4.3	5,958	126,503	4.7
Interest-bearing securities (AfS, FV, HTM) <sup>(3)</sup> . . . . .	283	41.489	2.7	1,541	41,158	3.7
Other interest-bearing assets . . . . .	92	7.287	5.0	368	8,218	4.5
<b>Total interest-bearing assets</b> . . . . .	<b>2.003</b>	<b>195.119</b>	<b>4.1</b>	<b>8,811</b>	<b>200,448</b>	<b>4.4</b>
Other non-interest bearing assets . . . .		18.288			16,393	
<b>Total average assets</b> . . . . .	<b>2.003</b>	<b>213.407</b>	<b>3.8</b>	<b>8,811</b>	<b>216,841</b>	<b>4.1</b>
<b>Liabilities</b>						
Deposits by banks . . . . .	116	31.346	1.5	642 <sup>(4)</sup>	35,776	1.8
Customer deposits . . . . .	365	123.088	1.2	1,741 <sup>(4)</sup>	122,473	1.4
Debt securities in issue . . . . .	224	29.619	3.0	927 <sup>(4)</sup>	30,349	3.1
Subordinated liabilities, other and financial liabilities—at fair value through profit and loss . . . . .	57	5.345	4.2	266	4,893	5.4
<b>Total interest-bearing liabilities</b> . . . . .	<b>762</b>	<b>189.398</b>	<b>1.6</b>	<b>3,576</b>	<b>193,491</b>	<b>1.8</b>
Other non-interest-bearing liabilities . .		7.625			7,276	
<b>Total average liabilities</b> . . . . .	<b>762</b>	<b>197.023</b>	<b>1.5</b>	<b>3,576</b>	<b>200,767</b>	<b>1.8</b>
<b>Total average equity</b> . . . . .		<b>16.384</b>			<b>16,074</b>	
<b>Total average liabilities and equity</b> . . .	<b>762</b>	<b>213.407</b>	<b>1.4</b>	<b>3,576</b>	<b>216,841</b>	<b>1.6</b>
<b>Net interest income earned</b> . . . . .	<b>1.241</b>			<b>5,235</b>		
<b>Net yield on interest-bearing assets</b> . .			<b>2.5</b>			<b>2.6</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012, unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

- (1) After deduction of respective risk provisions. Shown as interest income from lending and money market transactions with credit institutions in the audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.
- (2) After deduction of respective risk provisions. Shown as interest income from lending and money market transactions with customers in the audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2012 and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.
- (3) After deduction of respective risk provisions.
- (4) Audited.

	Year ended 31 December 2011			Year ended 31 December 2010		
	Interest Income/ Expense	Average Balance	Average Rates p.a. in %	Interest Income/ Expense	Average Balance	Average Rates p.a. in %
in € million, unless indicated otherwise						
<b>Assets</b>						
Loans and advances to credit institutions (including derivatives) <sup>(1)</sup> . . . . .	1,077	24,454	4.4	1,091	21,450	5.1
Loans and advances to customers <sup>(2)</sup> . . . . .	6,427	127,490	5.0	6,334	124,721	5.1
Interest-bearing securities (Afs, FV, HTM) <sup>(3)</sup> . . . . .	1,565	37,630	4.2	1,308	35,353	3.7
Other interest-bearing assets . . . . .	290	8,554	3.4	110	7,516	1.5
<b>Total interest-bearing assets</b> . . . . .	<b>9,359</b>	<b>198,128</b>	<b>4.7</b>	<b>8,843</b>	<b>189,040</b>	<b>4.7</b>
Other non-interest bearing assets . . . . .		17,396			18,401	
<b>Total average assets</b> . . . . .	<b>9,359</b>	<b>215,524</b>	<b>4.3</b>	<b>8,843</b>	<b>207,441</b>	<b>4.3</b>
<b>Liabilities</b>						
Deposits by banks . . . . .	655 <sup>(4)</sup>	32,496	2.0	533 <sup>(4)</sup>	30,450	1.8
Customer deposits . . . . .	1,832 <sup>(4)</sup>	119,995	1.5	1,662 <sup>(4)</sup>	115,596	1.4
Debt securities in issue . . . . .	1,032 <sup>(4)</sup>	33,428	3.1	890 <sup>(4)</sup>	30,637	2.9
Subordinated liabilities, other and financial liabilities—at fair value through profit and loss . . . . .	271	5,778	4.7	318	6,055	5.3
<b>Total interest-bearing liabilities</b> . . . . .	<b>3,790</b>	<b>191,697</b>	<b>2.0</b>	<b>3,403</b>	<b>182,738</b>	<b>1.9</b>
Other non-interest-bearing liabilities . . . . .		6,953			8,474	
<b>Total average liabilities</b> . . . . .	<b>3,790</b>	<b>198,650</b>	<b>1.9</b>	<b>3,403</b>	<b>191,212</b>	<b>1.8</b>
<b>Total average equity</b> . . . . .		<b>16,874</b>			<b>16,229</b>	
<b>Total average liabilities and equity</b> . . . . .	<b>3,790</b>	<b>215,524</b>	<b>1.8</b>	<b>3,403</b>	<b>207,441</b>	<b>1.6</b>
<b>Net interest income earned</b> . . . . .	<b>5,569</b>			<b>5,439</b>		
<b>Net yield on interest-bearing assets</b> . . . . .			<b>2.8</b>			<b>2.9</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

- (1) After deduction of respective risk provisions. Shown as interest income from lending and money market transactions with credit institutions in the audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011, including comparative financial information for the financial year ended 31 December 2010.
- (2) After deduction of respective risk provisions. Shown as interest income from lending and money market transactions with customers in the audited consolidated financial statements of Erste Group Bank for the financial year ended 31 December 2011, including comparative financial information for the financial year ended 31 December 2010.
- (3) After deduction of respective risk provisions.
- (4) Audited.

## Changes in interest income/expenses—Volume and rate analysis

The following table sets forth changes in net interest income attributable to changes in volumes and those attributable to changes in interest rates for the years ended 31 December 2012 (compared to 2011) and 31 December 2011 (compared to 2010). The changes in interest and similar income and in interest and similar expenses for each category of interest-bearing assets and interest-bearing liabilities are attributable to (a) volume-related changes (change in volume multiplied by old interest rate) and (b) rate-related changes (net change minus volume-related change).

	Year ended 31 December 2012 compared to 2011			Year ended 31 December 2011 compared to 2010		
	Net change	Volume- related change	Rate- related change unaudited	Net change	Volume- related change	Rate- related change
<b>in € million</b>						
<b>Interest and similar income</b>						
from loans and advances to credit institutions (incl. derivatives) . . . . .	(133)	5	(138)	(14)	152	(166)
from loans and advances to customers . . . . .	(469)	(50)	(419)	93	141	(48)
from income securities (AfS, FV, HTM) . . . . .	(24)	147	(171)	257	84	173
other interest-bearing assets . . . . .	78	(11)	89	180	15	165
<b>Total interest and similar income (including income from equity method investments) . . . . .</b>	<b>(548)</b>	<b>91</b>	<b>(639)</b>	<b>516</b>	<b>392</b>	<b>124</b>
<b>Interest and similar expenses</b>						
Deposits by banks . . . . .	(13)	66	(79)	122	37	85
Customer deposits . . . . .	(91)	37	(128)	170	62	108
Debt securities in issue . . . . .	(105)	(95)	(10)	142	81	61
Subordinated liabilities, other and financial liabilities at fair value through profit or loss . . . . .	(5)	(42)	37	(47)	(15)	(32)
<b>Total interest and similar expenses . . . . .</b>	<b>(214)</b>	<b>(34)</b>	<b>(180)</b>	<b>387</b>	<b>165</b>	<b>222</b>
<b>Net interest income . . . . .</b>	<b>(334)</b>	<b>125</b>	<b>(459)</b>	<b>130</b>	<b>228</b>	<b>(98)</b>

Source: Internal information of Erste Group Bank.

## Debt securities portfolio

Erste Group's debt securities portfolio is reported in five categories: Loans and advances to customers and credit institutions, trading assets, financial assets at fair value through profit or loss, financial assets available for sale and financial assets held to maturity. Debt securities held in the portfolio of trading assets as well as in financial assets at fair value through profit or loss and in financial assets available for sale are measured at fair value whereas those held in loans and advances to customers and credit institutions as well as in financial assets held to maturity are carried at amortised cost.

in € million	As of	As of 31 December		
	31 March 2013 (unaudited)	2012	2011 (audited)	2010
<b>Bonds and other interest-bearing securities</b>				
Unlisted . . . . .	1,234	1,312	1,705	2,077
<b>Loans and advances to customers and credit institutions<sup>(1)</sup></b>	<b>1,234</b>	<b>1,312</b>	<b>1,705</b>	<b>2,077</b>
<b>Bonds and other interest-bearing securities</b>				
Listed . . . . .	5,030	4,404	4,253	4,316
Unlisted . . . . .	1,174	468	1,208	629
<b>Trading assets</b>	<b>6,204</b>	<b>4,872</b>	<b>5,461</b>	<b>4,945</b>
<b>Bonds and other interest-bearing securities</b>				
Listed . . . . .	382	467	1,375	1,942
Unlisted . . . . .	35	59	127	87
<b>Financial assets at fair value through profit or loss</b>	<b>417</b>	<b>526</b>	<b>1,502</b>	<b>2,029</b>
<b>Bonds and other interest-bearing securities</b>				
Listed . . . . .	14,612	18,924	16,457	12,942
Unlisted . . . . .	3,611	1,302	1,197	1,794
<b>Financial assets available for sale</b>	<b>18,223</b>	<b>20,226</b>	<b>17,654</b>	<b>14,736</b>
<b>Bonds and other interest-bearing securities</b>				
Listed . . . . .	17,987	18,216	15,150	13,630
Unlisted . . . . .	1,041	759	924	605
<b>Financial assets held to maturity</b>	<b>19,028</b>	<b>18,975</b>	<b>16,074</b>	<b>14,235</b>
<b>Total bonds and other interest-bearing securities</b>	<b>45,106</b>	<b>45,911</b>	<b>42,396</b>	<b>38,022</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010 and unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.

(1) Shown as "Loans and advances to CI and NCI" in the unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013.

## Loan portfolio by maturity

The following table sets forth Erste Group's loan portfolio as of 31 December 2012, 2011 and 2010, broken down by remaining maturity.

in € million	As of	As of 31 December		
	31 March 2013 (unaudited)	2012 (audited, unless indicated otherwise)	2011	2010
<b>Loans and advances to credit institutions:</b>				
< 1 year . . . . .	8,682	5,868	5,483	9,930
> 1 year . . . . .	3,282	3,206	2,095	2,566
<b>Loans and advances to credit institutions . . . . .</b>	<b>11,964</b>	<b>9,074</b>	<b>7,578</b>	<b>12,496</b>
<b>Loans and advances to customers:</b>				
< 1 year . . . . .	30,734	35,404	35,132	35,277
> 1 year . . . . .	99,601	96,524	99,618	97,057
<b>Loans and advances to customers . . . . .</b>	<b>130,335</b>	<b>131,928</b>	<b>134,750</b>	<b>132,334</b>
<b>Total loans and advances to credit institutions and customers (unaudited) . . . . .</b>	<b>142,299</b>	<b>141,002</b>	<b>142,328</b>	<b>144,830</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

## Loan portfolio by sector, geographic region and risk classification

For a detailed discussion of the credit risk exposure of Erste Group as analysed in terms of industry sector, geographic region and risk classification, see "*Risk management—Credit risk*".

## Customer deposits

Customer deposits include transaction accounts/demand deposits, savings accounts and other deposits. Transaction accounts/demand deposits include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or telephone or preauthorised transfers for the purpose of making payments to third persons or others. Savings accounts are accounts with the purpose of accumulating funds over a period of time. With savings accounts customers may make withdrawals, but do not have the flexibility of using checks to do so. Some savings accounts require funds to be kept on deposit for a minimum period of time, but most permit unlimited access to funds. Other deposits consist mainly of bank drafts and currency accounts.

in € million, unless indicated otherwise	Three months ended	Year ended 31 December		
	31 March 2013 (unaudited, unless indicated otherwise)	2012	2011	2010
<b>Interest expenses on customer deposits . . . . .</b>	<b>365</b>	<b>1,741<sup>(1)</sup></b>	<b>1,832<sup>(1)</sup></b>	<b>1,662<sup>(1)</sup></b>
<b>Total volumes/YTD average . . . . .</b>	<b>123,088</b>	<b>122,473</b>	<b>119,995</b>	<b>115,596</b>
<b>Total interest rate/YTD (in %) . . . . .</b>	<b>1.2</b>	<b>1.4</b>	<b>1.5</b>	<b>1.4</b>

Source: Audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

(1) Audited.

As of 31 March 2013, the remaining maturities of customer deposits were as follows:

In € million	< 1 year	> 1 year (audited)	Total
<b>Customer deposits</b> . . . . .	<b>84,841</b>	<b>38,283</b>	<b>123,124</b>

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

As of 31 December 2012, the remaining maturities of customer deposits were as follows:

In € million	< 1 year	> 1 year (unaudited)	Total
<b>Customer deposits</b> . . . . .	<b>80,200</b>	<b>42,853</b>	<b>123,053</b>

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012.

## Borrowings

### Deposits by banks

The following tables set out information regarding Erste Group Bank's borrowings as of the dates and for the periods presented and of short-term borrowings (maturities of less than one year):

	As of and for the period ended 31 March 2013				
	Period end balance	Average balance	Maximum month end balance <sup>(1)</sup> unaudited	Average interest rate during the period %	Average interest rate at period end % <sup>(2)</sup>
<i>in € million, unless indicated otherwise</i>					
<b>Deposits by banks</b>					
Deposits by domestic credit institutions . . . . .	7,800	8,285	8,770		
Deposits by foreign credit institutions . . . . .	12,878	12,965	13,052		
<b>Total</b> . . . . .	<b>20,678</b>	<b>21,250</b>	<b>21,822</b>	<b>0.9</b>	<b>1.0</b>
thereof with remaining maturities					
< 1 year . . . . .	14,805				

Source: Unaudited interim condensed consolidated financial statements of Erste Group Bank as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

- (1) The total maximum month-end balance is calculated as maximum month-end balance of total deposits by banks, i.e., total maximum month-end balance is not the sum of maximum month-end balances per type of deposits.
- (2) Interest expenses of the respective period divided by period end balance.



As of and for the year ended 31 December 2012					
	Period end balance	Average balance	Maximum month end balance <sup>(1)</sup>	Average interest rate during the period %	Average interest rate at period end % <sup>(2)</sup>
in € million, unless indicated otherwise		unaudited, unless indicated otherwise			
<b>Deposits by banks</b>					
Austrian central bank . . . . .	3,111	2,657	3,355		
Austrian banks and other credit institutions . . . . .	5,659	5,942	7,812		
Foreign central banks . . . . .	952	952	1,021		
Foreign banks and other credit institutions . . . . .	12,100	15,667	17,480		
<b>Total . . . . .</b>	<b>21,822<sup>(3)</sup></b>	<b>25,218</b>	<b>26,745</b>	<b>1.4</b>	<b>1.7</b>
thereof with remaining maturities < 1 year (audited) . . . . .	14,055				

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 and internal information of Erste Group Bank.

(1) The total maximum month-end balance is calculated as maximum month-end balance of total deposits by banks, *i.e.*, total maximum month-end balance is not the sum of maximum month-end balances per type of deposits.

(2) Interest expenses of the respective period divided by period end balance.

(3) Audited.

As of and for the year ended 31 December 2011					
	Period end balance	Average balance	Maximum month end balance <sup>(1)</sup>	Average interest rate during the period %	Average interest rate at period end % <sup>(2)</sup>
in € million, unless indicated otherwise		unaudited, unless indicated otherwise			
<b>Deposits by banks</b>					
Austrian central bank . . . . .	427	94	427		
Austrian banks and other credit institutions . . . . .	7,438	5,934	7,438		
Foreign central banks . . . . .	981	164	981		
Foreign banks and other credit institutions . . . . .	14,939	18,183	21,522		
<b>Total . . . . .</b>	<b>23,785<sup>(3)</sup></b>	<b>24,375</b>	<b>28,260</b>	<b>1.8</b>	<b>1.8</b>
thereof with remaining maturities < 1 year (audited) . . . . .	15,288				

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 and internal information of Erste Group Bank.

(1) The total maximum month-end balance is calculated as maximum month-end balance of total deposits by banks, *i.e.*, total maximum month-end balance is not the sum of maximum month-end balances per type of deposits.

(2) Interest expenses of the respective period divided by period end balance.

(3) Audited.

	As of and for the year ended 31 December 2010				
	Period end balance	Average balance	Maximum month end balance <sup>(1)</sup>	Average interest rate during the period %	Average interest rate at period end % <sup>(2)</sup>
In € million, unless indicated otherwise					
<b>Deposits by banks</b>					
Austrian central bank . . . . .	80	169	257		
Austrian banks and other credit institutions . . . . .	5,600	6,944	8,854		
Foreign central banks . . . . .	751	1,040	1,660		
Foreign banks and other credit institutions . . . . .	13,723	17,252	19,552		
<b>Total . . . . .</b>	<b>20,154<sup>(3)</sup></b>	<b>25,405</b>	<b>28,277</b>	<b>1.5</b>	<b>1.9</b>
thereof with remaining maturities < 1 year (audited) . . . . .	13,915				

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2011 including comparative financial information for the financial year ended 31 December 2010 and internal information of Erste Group Bank.

- (1) The total maximum month-end balance is calculated as maximum month-end balance of total deposits by banks, i.e., total maximum month-end balance is not the sum of maximum month-end balances per type of deposits.
- (2) Interest expenses of the respective period divided by period end balance.
- (3) Audited.

## Debt securities in issue

The following table sets out information regarding Erste Group's debt securities in issue as of the dates and for the periods presented, and thereof short-term debt securities in issue (remaining maturities of less than one year):

	Period end balance	Average balance	Maximum month end balance	Average interest rate during the period %	Average interest rate at period end % <sup>(1)</sup>
in € million, unless indicated otherwise					
As of and for the period ended					
31 March 2013 . . . . .	29,811	29,619	29,811	3.0	3.0
thereof with remaining maturities < 1 year . . . . .	7,102				
As of and for the year ended					
31 December 2012 . . . . .	29,427 <sup>(2)</sup>	30,349	32,135	3.1	3.1
thereof with remaining maturities < 1 year . . . . .	5,268 <sup>(2)</sup>				
As of and for the year ended					
31 December 2011 . . . . .	30,782 <sup>(2)</sup>	33,428	36,460	3.1	3.4
thereof with remaining maturities < 1 year . . . . .	6,772 <sup>(2)</sup>				
As of and for the year ended					
31 December 2010 . . . . .	31,298 <sup>(2)</sup>	30,637	32,459	2.9	2.8
thereof with remaining maturities < 1 year . . . . .	8,028 <sup>(2)</sup>				

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2012 and 2011 including comparative financial information for the financial year ended 31 December 2010, unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013 and internal information of Erste Group Bank.

- (1) Interest expenses of the respective period divided by period end balance.
- (2) Audited.

# The Austrian banking system

## Overview

The Austrian banking system, like that of other continental European countries, comprises a diverse array of financial institutions. The Austrian banking industry is divided into seven “sectors” according to the legal status of a bank and classification in a sector association: (i) *Sparkassen* (savings banks), (ii) *Raiffeisenbanken* (agricultural credit co-operatives), (iii) *Landes-Hypothekenbanken* (provincial mortgage banks), (iv) *Volksbanken* (trade credit co-operative banks), (v) *Aktienbanken und Bankiers* (commercial banks), (vi) *Sonderbanken* (specialist banks) and (vii) *Bausparkassen* (building societies). Today, commercial banks, savings banks and co-operative banks all engage in substantially comparable business but may pursue different business policies. Erste Group Bank is a member of the Savings Banks Sector.

The structure of the Austrian banking system is characterised by a large number of small banks, a smaller number of medium to large banks and the absence of any banks of international scale other than Erste Group Bank, Unicredit Bank Austria AG (“Bank Austria”), which is a subsidiary of Unicredit S.p.A., and Raiffeisen International Bank AG. In 2011, the Austrian banking system consisted of 824 independent banks with a total of 4,441 branches and estimated total assets of €1,014.3 billion (source: Website of the OeNB reviewed in February 2013).

## Savings Banks

Of the seven banking sectors, the Savings Banks Sector is the third largest, accounting for approximately €165.4 billion of total assets (excluding Bank Austria) as of 30 September 2012 (source: Website of the OeNB reviewed in February 2013). The Savings Banks Sector then comprised the independent savings banks (excluding Bank Austria), with Erste Group Bank operating as the central financial institution of the Savings Banks Sector.

Austrian savings banks were historically subject to geographic restrictions on their operations, which contributed to the development of a Savings Banks Sector characterised by a large number of small, local savings banks. Savings banks were established either by a benevolent association (*Verein*) or a community (*Gemeinde*). The historical role of both the *Verein* and the *Gemeinde* with respect to *Vereinssparkassen* (association savings bank) and *Gemeindesparkassen* (community savings bank) was to provide the foundation capital for the savings bank and to act in a supervisory capacity. The principal difference between a *Gemeindesparkasse* and a *Vereinssparkasse* is that creditors of a *Gemeindesparkasse* and of its operating savings bank stock corporation used to have, and to a certain degree, continue to have the benefit of a municipal deficiency guarantee and that, to a certain extent, a *Gemeindesparkasse* and its operating savings bank stock corporation are influenced by their municipality, whereas a *Vereinssparkasse* has no such guarantee and is wholly independent of the municipalities.

These deficiency guarantees were abolished by law as follows: Liabilities existing as of 2 April 2003 will continue to be covered until their maturity. Liabilities entered into between 2 April 2003 and 1 April 2007 will be covered if the agreed maturity date is no later than 30 September 2017. As the savings banks traditionally did not expressly use this guarantee to reduce their costs of financing, no major impact is expected to result from the revocation of this guarantee. Only 10 smaller savings banks are likely to be affected by the revocation of the guarantee.

In 1986, an amendment to the Banking Act 1979 permitted a savings bank to reorganise as a stock corporation (*Aktiengesellschaft*) in order to enable transfers of shares or to raise capital. Such reorganisation involved the creation of a special savings bank holding company (*Anteilsverwaltungssparkasse*) which holds the shares in the relevant operating savings bank stock corporation. In 1993, Erste Group Bank changed its structure accordingly.

An *Anteilsverwaltungssparkasse* may opt to transform into a privately organised foundation. For *Gemeindesparkassen*, the deficiency guarantee then only covers liabilities assumed until the 31 December following the registration of the foundation.

On 19 December 2003, DIE ERSTE österreichische Spar-Casse Anteilsverwaltungssparkasse was transformed into a private law foundation named DIE ERSTE österreichische Spar-Casse Privatstiftung.

## Regulation and supervision

The structure of the regulation and supervision of the Austrian banking system is set forth in a number of statutes, including the Financial Market Supervision Act 2001 (*Finanzmarktaufsichtsbehördengesetz*), the Banking Act, the National Bank Act 1984 (*Nationalbankgesetz*), the Savings Bank Act 1979 (*Sparkassengesetz*), the Financial Conglomerates Act (*Finanzkonglomeratengesetz*), the Mortgage Bank Act 1899 (*Hypothekbankgesetz*) and the Securities Supervision Act 2007 (*Wertpapieraufsichtsgesetz*), each as amended.

The Financial Market Supervision Act assigns the responsibility for the supervision of credit institutions, insurance companies, financial conglomerates, investment firms and exchanges, investment funds and pension funds to the FMA. Under the Banking Act, regulation and supervision of Austrian credit institutions and the branches of non-EU credit institutions in Austria are the responsibility of the FMA assisted by the OeNB, which has the competence to make on-site bank audits. The FMA may take a variety of actions under the Banking Act to supervise credit institutions on a comprehensive and consolidated basis. In order to enable the FMA and the OeNB to fulfil their obligations, credit institutions must, among other requirements, prepare monthly large exposure reports, quarterly interim balance sheets, profit and loss statements and risk reports and submit annual audit reports.

The management board of the FMA consists of two members who are nominated by the Minister of Finance and the OeNB, respectively, and are appointed by the Austrian federal president upon proposal by the federal government. A supervisory board consisting of eight members, two of whom have no voting rights, approves the FMA's budget, financial statements, top employees and other important matters. The expenses of the FMA are borne primarily by the supervised credit institutions, companies and funds, while the Austrian federal government bears a minor fixed portion thereof.

The FMA is afforded an array of powers to regulate and supervise the Austrian banking system. These powers include the power to require the delivery of certain reports, to require audits, and to appoint certain officers and advisers to assist in the discharge of regulatory and supervisory duties. The FMA uses the auditors of the OeNB to perform an audit of a credit institution, including its branches and representative offices outside Austria. Generally, the FMA mandates the OeNB to perform an audit of a credit institution. In the course of an on-site analysis, the competence of auditors of the OeNB comprises all segments and all risk categories. Any credit institution operating in Austria that is subject to regulation and supervision by the FMA may be subject to an order by the FMA if there is reason to question such credit institution's ability to fulfil its obligations to its customers. By such order, which may be effective for up to eighteen months, the FMA may (i) prohibit withdrawals of capital or profits from the credit institution (in whole or in part), (ii) approve the excess of recognition limits relating to own funds according to Section 23 (14) No. 1 to 3 Banking Act, (iii) appoint a government commissioner authorised to prohibit all business which could be prejudicial to the safety of the interests of customers of the credit institution, (iv) prohibit further management of the credit institutions by such credit institution's existing management board, or (v) prohibit (in whole or part) further business of the credit institution.

The OeNB must subject the data reported and other supervisory information to ongoing comprehensive evaluation for the purposes of banking supervision and for the purpose of

preparing supervisory investigations. The OeNB must inform the FMA without delay if there is a material change in the risk situation or if there is reason to suspect that a violation of regulatory provisions has occurred. The OeNB accounts for the relevant aspects of these reports in its overall analysis within its risk-oriented approach. Its responsibility also includes monitoring adherence to deadlines. The OeNB notifies the FMA of any violations of law detected by the bank auditor.

### **State commissioners**

The Banking Act requires the Minister of Finance to appoint a state commissioner and a deputy state commissioner to assist in the supervision and regulation of Austrian credit institutions which have a total balance sheet of more than €1.0 billion in total assets (balance sheet value), of all savings banks and, under certain circumstances, of credit institutions organised as limited liability companies (*GmbH*). The role of the state commissioner is to ensure that these credit institutions do not make decisions at shareholders' and supervisory board meetings which, in their view, violate federal laws, regulations, other provisions or decisions (*Bescheide*) of the Minister of Finance or the FMA. If a state commissioner objects to any resolution proposed at a shareholders' meeting or a meeting of the supervisory board, the state commissioner must immediately notify the FMA. The effectiveness of such resolution is suspended until the FMA makes a determination as to its validity (within one week after application by the credit institution), see "*Management and governing bodies—Representatives of the supervisory authority*".

Mortgage banks (*Hypothekendarlehenbanken*) are subject to inspection by trustees and deputy trustees appointed by the Minister of Finance in accordance with the Mortgage Bank Act 1899. The trustees and the deputy trustees are charged with the responsibility of determining compliance with legal requirements for the registration of certain assets covering obligations of Erste Group Bank under *Pfandbriefe* (Mortgage Bonds) and *Kommunalschuldverschreibungen* (*Öffentliche Pfandbriefe*) (Public-Sector Covered Bonds). Commissioners appointed by the Minister of Finance are also responsible for monitoring compliance by Erste Group Bank with the legal requirements for segregation of assets and security provided for covered bonds (*fundierte Bankschuldverschreibungen*) pursuant to the Act on Covered Bank Bonds 1905.

### **The OeNB and the European System of Central Banks**

The OeNB is the central bank of the Republic of Austria and is mandated by law to assist the ECB. Whereas the ECB decides on the principal monetary policies of the European Monetary Union, the OeNB, as a member of the European System of Central Banks, executes the directives and regulations of the ECB.

The OeNB reviews reports filed by credit institutions. Detailed foreign currency statistics concerning the foreign currency position of all Austrian credit institutions are compiled by the OeNB and provide it with an indication of the business volume of the large Austrian credit institutions.

### **Minimum reserves**

The ECB requires credit institutions established in the Eurozone, such as Austrian credit institutions, to hold minimum reserves on accounts with the ECB and national central banks. In accordance with regulations of the ECB, a credit institution's reserve base should comprise deposits and debt securities issued resulting from the acceptance of funds. In order to promote the provision of liquidity to counterparties to Eurosystem monetary policy operations, the ECB reduced the reserve ratio for certain liability categories from 2% to 1% in December 2011.

## Statutory deposit insurance scheme

Austrian law requires that any credit institution which receives deposits requiring a guarantee under applicable law must join the insurance scheme of its sector within the banking system. Failure of a credit institution to join the relevant insurance scheme results in the lapse of the credit institution's licence to conduct a business involving the acceptance of deposits requiring a guarantee under applicable law in the Republic of Austria. Payments made by an insurance scheme to restore insured deposits are met by contributions from each member credit institution in the relevant sector. Each bank's contribution is determined in proportion to the aggregate amount of such credit institution's deposits, subject to a maximum contribution equal to 1.5% of the calculation basis pursuant to Section 22 (2) Banking Act, plus 12.5 times the own funds requirement for certain positions of the trading book pursuant to Section 22o (2) No. 1, 3 and 6 Banking Act (provided that Section 22o Banking Act is applicable) each as of the most recent balance sheet date.

In the event that the aggregate maximum amount that a sector's members can be called upon to contribute is less than the payment liability under the insurance scheme, each deposit insurance scheme of the other banking sectors will contribute a *pro rata* portion of the amount remaining unpaid. The participation of each insurance scheme is determined as per the previous paragraph. If the amount contributed by all insurance schemes is insufficient to make the required payment, the insurance scheme that is primarily obligated to repay such protected deposits must raise a loan or issue bonds to cover any amount remaining unpaid. The Republic of Austria may accept liability for such bonds.

The insurance scheme currently insures deposits up to €100,000. Investor compensation covers an amount of up to €20,000; however, such compensation for legal entities are capped at 90%. Deposits not exceeding €2,000 will be repaid in chronological preference to deposits of a greater amount. Large corporations within the meaning of section 221 (3) Commercial Code are excluded from deposit guarantee and investor compensation.

## Haftungsverbund

Effective 1 January 2002, the majority of the Austrian savings banks, excluding Bank Austria, formed a uniform business and market policy, an early warning system and an enhanced deposit guarantee system. The deposit guarantee system materially expanded the credit institutions' obligations beyond the legally prescribed amount per depositor. This arrangement called *Haftungsverbund* ensures enforcement of payments by transferring control of the system to Haftungsverbund GmbH, an entity in which Erste Group Bank is required to hold, directly or indirectly, at least 51% of the shares; the other savings banks own the remaining shares in Haftungsverbund GmbH. The right to determine risk policies and, in the event of serious financial difficulties of a member, the right to intervene in management was also transferred to Haftungsverbund GmbH. For more details on the *Haftungsverbund*, see "*Description of Erste Group's business—Haftungsverbund*".

## Financial statements and audits

Austrian credit institutions and credit institutions operating in Austria are required to submit financial statements, including the audit reports thereon, to the FMA and the OeNB.

Austrian listed companies must prepare consolidated financial statements in accordance with IFRS as adopted by the EU. Austrian bank accounting standards differ from IFRS mainly in respect of a reduced use of fair values and less comprehensive tax deferrals.

All financial statements of credit institutions must be audited by a bank auditor, who is either a certified public accountant or the auditing office of one of the specialised auditing institutions of the relevant sector. The consolidated and separate financial statements of Erste Group Bank, as a savings bank stock corporation, have been audited by Sparkassen-Prüfungsverband Prüfungsstelle (the savings banks' auditing agency) as statutory bank auditor.



The 2010, 2011 and 2012 audits were performed jointly with Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., which was elected by the Shareholders' Meeting in 2009, 2010 and 2011 to act as an additional auditor. The audited financial statements, the contents of which are prescribed by law, must be published in the *Amtsblatt zur Wiener Zeitung* (the Austrian official gazette), the official publication medium in Austria.

Bank auditors are also required to examine the timely and complete compliance with all relevant banking regulations. The result of this audit is documented in an attachment to the audit report.

## Capital adequacy requirements

In June 2004, the Basel Committee on Banking Supervision ("BCBS") published the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" ("Basel 2") that aims to align the risk of a bank's loan portfolio more closely with the capital reserves that it is required to set aside against unexpected losses. Basel 2 is built on three interlocking pillars (Pillar 1, Pillar 2 and Pillar 3), *i.e.*, minimum capital requirements, an internal capital adequacy assessment process (ICAAP) and supervisory review and market discipline. Furthermore, the BCBS formulated amendments to the Basel 2 framework in 2009. This so-called Basel 2.5 framework aimed in particular at establishing higher capital requirements for certain complex structured credit products, such as "resecuritisations" and for the trading book by including other potential event risks. They also include a stressed value-at-risk requirement (VaR) that is intended to mitigate the cyclicity of the minimum regulatory capital framework. The European Parliament and the Council published Directive 2006/48/EC of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions, which has been implemented in the Banking Act (entered into force on 1 January 2007) and the Solvability Regulation (*Solvabilitätsverordnung*) published by the FMA on the basis of the Banking Act. On a European level, the Basel 2.5 framework was adopted in Directive 2009/111/EC of 16 September 2009, together with a remuneration framework for bank managers and both implemented in the Austrian Banking Act in 2010/2011.

Under such risk-based capital adequacy rules, credit institutions and groups of credit institutions must have at their disposal Qualifying Capital (as defined below) equal to the total capital requirement, which is the sum of (i) 8% of the calculation base for credit risk (ii) the risk positions of the trading book, (iii) the commodity positions risk and foreign exchange risk for positions outside the trading book, (iv) operational risk and (v) any participations exceeding a certain threshold and potential risks stemming from a violation of the Banking Act as imposed by the FMA.

The Banking Act defines "Qualifying Capital" as consisting principally of (i) paid-in capital, (ii) disclosed reserves, (iii) funds for general bank risks, (iv) supplementary capital, (v) hidden reserves, (vi) participation capital, (vii) subordinated capital, (viii) revaluation reserves, (ix) the commitments of members of co-operative banks to make additional contributions quantified in relation to their shareholdings, (x) short-term subordinated capital, and (xi) hybrid tier-1 capital. Certain losses, certain intangible assets and certain investments in other banks, insurance companies or financial institutions are required to be deducted in computing Qualifying Capital.

"Core Capital", as applied to Erste Group Bank, consists of (i) paid-in capital (which, *inter alia*, includes share capital and participation capital), (ii) disclosed reserves and (iii) funds for general bank risks, less losses and intangible assets. Hybrid tier-1-capital is included in Core Capital up to an amount corresponding to 50% of total Core Capital, within these limits, convertible instruments without fixed maturity up to 100%, non-convertible instruments without fixed maturity up to 70% and instruments with an incentive to redeem without a fixed maturity up to 30%.

The Banking Act requires that the aggregate eligible amount of the elements comprising Qualifying Capital other than Core Capital is capped at 100% of Core Capital. In addition, the sum of eligible subordinated capital may not exceed 50% of Core Capital. Core Capital reflects the same concept as “tier-1 capital” and Qualifying Capital other than Core Capital reflects a concept similar to “tier-2 capital” and “tier-3 capital” (as such terms are used in the United Kingdom and the United States capital adequacy rules). Tier-2 capital consists of supplementary capital and subordinated capital whereas tier-3 capital consists of short-term subordinated capital only eligible to cover market risk capital requirements.

The calculation base for credit risk is the sum of risk-weighted exposure amounts and encompasses assets, certain off-balance sheet items and derivatives, excluding positions of the trading book. The calculation base must be computed either by use of the standardised approach or the IRB approach (both such approaches as provided for in the Banking Act and the Solvability Regulation issued by the FMA).

Erste Group Bank has been examined by the FMA and the OeNB and is, following a positive assessment of the IRB approach concerning all portfolios, entitled to determine the calculation base for credit risk using the IRB approach as of 1 January 2007. The approach used is the “Foundation IRB” (in contrast to the “Advanced IRB”), which allows the use of Probability of Default (PD) estimates in all portfolios and the performance of Loss Given default (LGD) estimates for the retail portfolio. For the corporate and the sovereign portfolio, Erste Group Bank uses supervisory LGDs. IRB is used for Erste Group on a consolidated level, for Erste Group Bank on an unconsolidated basis and for many of the subsidiaries and the savings banks on an unconsolidated level. For the calculation of the capital requirement for operational risk, Erste Group Bank and certain of its subsidiaries also use the Advanced Measurement Approach (AMA).

Capital adequacy rules must be met not only by a credit institution on its own, but also by the credit institution’s group, *i.e.*, the credit institution together with all other subsidiary credit institutions, financial institutions, investment firms, ancillary financial services companies and hybrid capital vehicles. Savings banks which are members of the *Haftungsverbund* are included in Erste Group for capital adequacy purposes.

## **The Banking Act**

In addition to specifying the capital adequacy rules, the Banking Act, as amended, imposes other requirements on Austrian credit institutions, including reporting requirements, liquidity requirements, requirements on large exposures and on qualified participations.

### **Periodical reports**

Austrian credit institutions are required to file a number of reports with the FMA, including periodical monthly and quarterly reports. In addition, reports must also be filed to report any hidden reserves or credit in excess of certain amounts. The form of all reports is established by an implementing ordinance. All reports are delivered to the OeNB, which reviews them and provides to the FMA an opinion as to whether the regulations on solvency, qualifying capital, liquidity, open foreign currency positions, large exposures and participations have been observed.

### **Liquidity**

The Banking Act requires each credit institution to establish company-specific finance and liquidity planning. The liquidity plan must generally set forth the programme that enables the credit institution to react to possible disparities between incoming and outgoing payments and to changes in market conditions. The terms of claims and obligations of each credit institution must be structured to provide for changing interest rates and maturity trends. In addition to these general regulations, the Banking Act requires credit institutions to retain minimum liquid resources of both first and second degree and to submit a detailed calculation plan for the foregoing.

### **Large exposures**

If the assets and off-balance sheet items with regard to a single customer or group of connected customers exceed 10% of a credit institution's Qualifying Capital, then a large exposure exists within the meaning of the Banking Act. A large exposure may not exceed 25% of the accountable Qualifying Capital of a credit institution and of the respective credit institution group.

### **Qualified participations**

A qualified participation is a holding by a bank, whether direct or indirect, of at least 10% of the capital or voting rights of a company. The possibility of exercising a significant influence over the management of a company may also cause the company to constitute a qualified participation of the bank. Qualified participations in non-banks (with certain exceptions, in particular insurance companies) may not be held by credit institutions or a group of credit institutions if the value of the qualified participation exceeds 15% of the accountable Qualifying Capital of such credit institutions or group. Moreover, the total carrying value of qualified participations may not exceed 60% of the Qualifying Capital of a credit institution or a group of credit institutions. In certain circumstances, these limitations may be exceeded.

### **Basel 3 and CRR/CRD IV (Capital Requirements Regulation/Capital Requirements Directive IV)**

In addition to the effective provisions mentioned above, the Austrian banking system is presently affected by the intended adoption of a new legal framework on the European level. On 20 July 2011, the European Commission issued its legislative proposals, a directive (CRD IV) and a regulation (CRR), on a revision of the CRD which aim to apply the Basel 3 framework within the European Union. The new legal framework is aimed at enhancing the quality and quantity of bank capital while emphasising common equity tier 1. Furthermore, a new liquidity regime is expected to introduce a short-term and a long-term liquidity ratio (LCR & NSFR). A leverage ratio is envisaged as a backstop measure to the solvency regime. Capital conservation and counter-cyclical buffers are intended to strengthen the resilience in stress times, while revised disclosure provisions are intended to enhance transparency. CRR/CRD IV is expected to enter into force by 1 January 2014.

### **Supervisory guidance on strengthening of the sustainability of the business models of large internationally active Austrian banks**

On 14 March 2012, the FMA issued, in cooperation with OeNB, a "sustainability package", including a "Supervisory Guideline" which requires parent institutions to fully implement the quantitative and qualitative Basel 3 rules in respect of Common Equity Tier 1 (minimum requirement of 4.5% common equity tier 1 and capital conservation buffer 2.5% Common Equity Tier 1) on a consolidated level starting 1 January 2013 without making use of any related transitional provisions, with the exception that private and state participation capital subscribed under the bank support package (which is fully loss-absorbing) will be fully included in the capital base. The treatment of participation capital subscribed by the state and by private investors under the Austrian banking support package will be fully in line with the expected final CRR grandfathering and phase-out provisions. Additionally, the supervisor has indicated implementation of an additional capital surcharge to banking groups on a consolidated level of up to 3% from 2016 onwards, the level depending on the systemic relevance of the group. Furthermore, a monitoring ratio was also introduced for monitoring liquidity. The so-called "loan-to-local stable funding ratio" (LLSFR) is aimed at strengthening the stability of the local funding base of banking subsidiaries. Third, the Supervisory Guideline required parent institutions to submit recovery and resolution plans before the end of 2012.

### **EBA capital exercise**

On 8 December 2011, the Board of Supervisors of EBA adopted the recommendation on the creation of temporary capital buffers to restore market confidence. The so-called "capital exercise" called on national authorities to require banks to strengthen their capital positions by

building up an exceptional and temporary capital buffer against sovereign debt exposures to reflect market prices as at the end of September 2011. A Core Tier 1 capital ratio level of 9% against the buffer plus risk-weighted assets was to be met by the end of June 2012. The definition of capital used corresponds to the existing CRD definition of Tier 1 net of deductions of participations in financial institutions, but excludes hybrid instruments, preference shares and privately placed participation capital except for participation capital within government support measures. The final results of the EBA capital exercise were published in October 2012. Erste Group achieved a Core Tier 1 ratio of 9.9%.

Subsequent to the completion of the capital exercise, EBA announced that it will no longer monitor a Core Tier 1 ratio. The new EBA recommendation on capital conservation requires banks to maintain a nominal amount of Core Tier 1 capital corresponding to a level of 9% from the end of June 2012.

### **Bank Recovery and Resolution Directive and Austrian Bank Intervention and Restructuring Act**

The Bank Recovery and Resolution Directive recently proposed by the European Commission aims at harmonising EU-wide principles for recovery and resolution procedures for banks, including the requirement to set up recovery and resolution plans, early intervention by supervisory authorities and certain resolution measures, including a bail-in tool, and the establishment of a pre-funded resolution fund. The final decision on Bank Recovery and Resolution Directive which, if adopted, will enter into force by 2015, is currently scheduled for late June 2013. For Erste Group, the Bank Recovery and Resolution Directive would impose a detailed framework for recovery and a resolution plan at the group level and, for certain members of the group, on an individual level.

A first draft of the Austrian Bank Intervention and Restructuring Act (*Bankeninterventions- und Restrukturierungsgesetz*) released in December 2012 aims at implementing the EU legislation regarding the Bank Recovery and Resolution Directive. The draft specifies conditions for the preparation of recovery and resolution plans for all Austrian banks and early intervention measures by supervisory authorities. The draft has been approved by the Austrian government and has been submitted to the Austrian Parliament. Austrian Bank Intervention and Restructuring Act may enter into force by 2014. As the current draft reflects the expected requirements under the future Bank Recovery and Resolution Directive only in part, further amendments to the Austrian Bank Intervention and Restructuring Act would be expected. In connection with the FMA supervisory guidance published in March 2012, Erste Group has already prepared a recovery and resolution plan which may need to be adapted to the final legal requirements of the Bank Recovery and Resolution Directive and the Austrian Bank Intervention and Restructuring Act.

### **Banking Union and Single Supervisory Mechanism**

In line with the report "Towards a Genuine Economic and Monetary Union", a banking union is widely expected to form an integral part of the future financial framework that, at its final stage of development, is expected to include a uniform level of common deposit protection, integrated banking crisis management, consisting of a harmonised recovery and resolution framework (in particular, as contemplated under the Bank Recovery and Resolution Directive), a single mechanism for bank resolution through a European authority including a European fund regulation for financial burdens in connection with the resolution of banks and a European supervision of banks within the currently finalised "Single Supervisory Mechanism" (SSM). In a first step, the European Commission released a draft on the SSM in September 2012 setting forth a central role for the ECB as a European supervisory authority responsible for the supervision of all banks in participating countries. As a member state of the Eurozone, Austria would participate in the SSM and therefore Austrian banks would in the future be supervised by the ECB. The SSM is currently planned to come into operation in the course of 2014. Under the SSM, Erste Group would be directly supervised by the ECB as all quantitative conditions for such direct supervision would be satisfied.

## **Interbank Market Support Act 2008 and Financial Market Stabilisation Act 2008**

Under the Interbank Market Support Act 2008 (“IBSA”) and the Financial Market Stabilisation Act 2008 (*Finanzmarktstabilitätsgesetz*) (FinStaG), the Austrian Federal Minister of Finance (“Minister of Finance”) has been granted certain powers in relation to Austrian credit institutions (such as Erste Group Bank) and insurance undertakings. The powers granted to the Minister of Finance under the IBSA expired on 31 December 2010.

The purpose of the IBSA was to increase the credit institutions’ confidence in the interbank market and thereby prevent liquidity problems caused by credit institutions retaining surplus liquidity instead of on-lending it to other banks. Under the IBSA, the Minister of Finance was permitted to assume against consideration liabilities for the benefit of holders of securities with a term of a maximum of five years issued by credit institutions in order to encourage the medium-term refinancing of Austrian credit institutions. The outstanding amounts connected with measures pursuant to the IBSA were initially limited to €75 billion (subsequently reduced to €65 billion in 2009 and €50 billion in 2010). Erste Group Bank consequently established a €6 billion DIP in relation to issues of notes guaranteed by the Republic of Austria (see *“Description of Erste Group’s business—Material contracts—Framework agreement for guaranteed bonds”*).

The FinStaG entitles the Minister of Finance to take measures for the recapitalisation of credit institutions and insurance undertakings (“Relevant Entities”) (i) in order to remedy a considerable disruption within Austria’s economic life, (ii) to ensure the macroeconomic balance and (iii) to protect the Austrian economy. The measures comprise the assumption of liabilities for the benefit of obligations of the Relevant Entities and for the benefit of obligations *vis-à-vis* the Relevant Entities, the provision of facilities and own funds for Relevant Entities and the acquisition of shares. Furthermore, if performance of a Relevant Entity’s obligations *vis-à-vis* its creditors is jeopardised, the Minister of Finance may as a last remedy acquire shares in such Relevant Entity for consideration. The shares acquired in accordance with the provisions of the FinStaG must be privatised upon the achievement of the intended purpose, taking into consideration the prevailing market conditions. The outstanding amounts connected with measures pursuant to the FinStaG may not exceed €15 billion.

Erste Group Bank issued participation capital in accordance with the FinStaG which, as of the date of this Prospectus, amounts to €1,763,744,000. See *“Background of the Combined Offering and use of proceeds—Outstanding Participation Capital”*.

The Minister of Finance is entitled to set forth conditions and requirements for the measures according to the FinStaG. In this context, provisions may be imposed in particular with regard to the following aspects: the business focus (in connection with credit institutions, in particular the supply of small and medium-sized enterprises with loans), the application of the funds received, the remuneration of management, the tier-1 requirements, the dividend policy, measures for safeguarding jobs, the period within which the requirements must be met, measures for the prevention of distortion of competition, as well as the legal consequences of non-compliance with the aforementioned conditions and requirements.



## Selected information on certain CEE banking systems

### The Croatian banking system

**The Croatian National Bank.** The regulatory powers and supervisory activities in the banking sector are exercised by the Croatian National Bank (“CrNB”). The CrNB may impose penalties and take other remedial measures, including forced administration. Other sectors of the Croatian financial services industry, including capital markets, are currently regulated and supervised by the Croatian Financial Services Supervisory Agency.

**Monetary policies.** The CrNB is required to pursue a policy of low inflation and stable domestic currency. In March 2013, the annual consumer price inflation rate was 3.7% while the basic inflation rate was 2.2%.

**Capital adequacy.** Currently, Croatian credit institutions are required to keep their capital adequacy ratio above 12% pursuant to the Croatian Credit Institutions Act, with which credit institutions are required to comply. The capital adequacy ratio is calculated as a quotient of (A) the credit institution’s own funds and (B) the total amount of (i) the credit risk weighted exposure plus (ii) the initial capital requirements for the sum of (a) market risks and (b) operative risk multiplied by 12.5 (“minimum own funds adequacy ratio”).

**Own funds.** A credit institution’s own funds equal the sum of original own funds and additional own funds, less deduction items. (1) *Original own funds* are equal to the sum of (a) paid-up capital from the issue of shares of the credit institution, excluding cumulative preference shares, (b) reserves and retained earnings, and (c) reserves for general banking risks, reduced by the sum of following items: (a) losses carried forward, (b) losses for the current year, (c) own shares, (d) intangible assets, (e) the outstanding amount of credits which the credit institution granted for the purchase of its shares, excluding cumulative preference shares, in accordance with Article 12 of the CrNB’s decision on own funds of credit institutions (the “Decision”) (f) other items as mentioned in Article 13 of the Decision (e.g., unrealised losses on revaluation of available for sale financial assets, the portion of the loss on the hedging instrument related to a cash flow hedge that is determined to be an effective hedge, etc.) (2) *Additional own funds* are equal to the sum of (a) paid-up capital from the issue of cumulative preference shares, (b) hybrid instruments, (c) subordinated instruments and (d) positive difference between value adjustment and provisions and expected loss, reduced by the sum of following items: (a) own cumulative preference shares, (b) claims and contingent liabilities secured by hybrid or subordinated instruments of the credit institution and (c) the outstanding amount of credits which the credit institution granted for the purchase of its cumulative preference shares. The amount of additional own funds may not exceed the amount of original own funds. The amount of subordinated instruments may not exceed 50% of original own funds. (3) *Deduction items* are equal to the sum of the following items: (a) direct or indirect holdings in other credit and financial institutions exceeding 10% of the capital in each case, (b) the negative difference between value adjustments and provisions and expected loss, as well as expected loss amounts for equity exposures, (c) claims on legal persons and contingent liabilities towards legal persons directly or indirectly controlled by the credit institution, provided that these claims and contingent liabilities were established under terms more favorable than those normally offered by the credit institution, or more favorable than those prevailing in the financial markets for comparable operations, or under terms that are not in line with the principles of safe and sound operation, (d) other items as mentioned in Article 27 of the Decision. The total of the deduction items is deducted half from original own funds and half from additional own funds. To the extent that half of the deduction items exceeds the amount of additional own funds, the excess will be deducted from original own funds.

**Reserve requirements.** Croatian credit institutions must calculate, maintain and allocate minimum reserve requirements. The reserve requirement calculation is based on the average



daily balance of the following sources and funds: (a) received deposits and loans, (b) issued debt securities, (c) hybrid and subordinated instruments and (d) other financial liabilities. The minimum reserve requirement rate is currently 13.5%, and banks are obliged to allocate a certain percentage of reserve requirements to accounts with the CrNB. For the local currency component, reserve requirements amount to 70%, while the percentage for allocating the foreign exchange component is (a) 100% for non-residents and foreign exchange funds received from legal persons in a special relationship with a bank and (b) and 60% for the remaining portion of the foreign exchange component of reserve requirements, and is allocated in € or USD by applying the midpoint exchange rate of the CrNB effective on the day of calculation.

**Large Exposures.** The provisions of the Croatian Credit Institutions Act on large exposures, define large exposure as a credit institution's exposure to a single person or group of connected persons where its value is equal to or exceeds 10% of the credit institution's own funds. Prior approval of the credit institution's supervisory board is required before concluding a legal arrangement that might result in a credit institution's large exposure to a single person or group of connected persons as well as before concluding a legal arrangement as a result of which the credit institution's large exposure to a single person or group of connected persons would increase so as to reach or exceed 15%, 20%, and each additional 5% of the credit institution's own funds. The sum of all large exposures may not exceed 600% of its own funds. The sum of all exposures towards (a) shareholders owning 5% or more of shares granting voting rights in the credit institution's shareholders' meeting, (b) members of the credit institutions' management board or supervisory board or procurators, (c) persons who have concluded employment contracts with the credit institution the provisions of which imply that these persons have a significant influence over the operation of the credit institutions or the contracts in which the remuneration for the work of these persons is determined in accordance with the special criteria (different from those applied to the persons who have concluded the standard employment contracts), (d) legal persons in which the credit institution holds a participation, may not exceed 50% of the credit institution's own funds (this provision, however, will cease to be effective as of the date of accession of the Republic of Croatia to the European Union).

**Participations.** The prior approval of the CrNB is required for the direct or indirect acquisition of a qualifying holding, *i.e.*, a direct or indirect holding of (a) 10% or more of the capital or of the voting rights in a credit institution or (b) less than 10% of the capital or of the voting rights, which makes it possible to exercise a significant influence over the management of the credit institution. Once the 10% threshold has been exceeded, an increase in the shareholding to or in excess of 20%, 30% or 50% requires further prior approval by the CrNB. If the acquired participations fall below the respective thresholds due to sales of shares or other means of transfer of the shares, prior notification to the CrNB is also required.

**Deposit Insurance.** Credit institutions are required to make quarterly contributions to the State Agency for Deposit Insurance and Bank Rehabilitation, currently in an amount equal to 0.08% of deposits insured. If a credit institution becomes insolvent, a single customer's deposits are insured up to and including HRK400,000.

## The Czech banking system

**The Czech National Bank.** The regulatory powers and supervisory activities in the banking sector are exercised by the Czech National Bank (CNB) as the central bank. The CNB may impose penalties and other remedial measures, including forced administration. The supervision of other sectors of the financial services industry, such as capital markets and insurance, is also performed by the CNB.

**Monetary policies.** The CNB is required to pursue a policy of low inflation. An inflation target of 3% was originally announced for the period from January 2006 until the Czech Republic's

accession to the Eurozone. In view of postponement of the adoption of the Euro beyond 2010, the CNB has announced a new inflation target of 2% (plus or minus one percentage point), effective as of January 2010.

**Capital adequacy.** In line with EU law and Basel II, the minimum capital adequacy ratio for Czech banks is 8%. A bank's own funds consist principally of tier-1 capital (original capital), tier-2 capital (supplementary capital) reduced by deductible items and tier-3 capital (market risk coverage capital). For the capital requirements calculation, a bank may either use basic methods or special methods (which must be approved in advance by the CNB). The CNB may impose remedies if the capital adequacy ratio of a bank falls below two-thirds of the statutory minimum.

**Minimum reserves.** Banks (including branches of foreign banks) must deposit with the CNB an amount sufficient to meet the CNB's minimum reserve requirements, which are currently 2% of the following liabilities (with the exception of repo liabilities) with a maturity of up to two years *vis-à-vis* non-bank customers: (i) customer deposits, (ii) loans accepted from customers, (iii) non-marketable securities issued by the bank and held by non-banks and (iv) other debt securities issued by the bank and held by entities which are non-banks.

**Large exposures.** Generally, a net exposure of a bank's investment portfolio in relation to a single entity or a group of related entities must not exceed 25% of the bank's adjusted capital (sum of tier-1 and tier-2 capital reduced by deductible items). In the case of domestic banks *vis-à-vis* their foreign holding groups, only 50% weight of the net exposure on banks in the EU area can be applied, which means that the total volume of the net exposure in a bank's investment portfolio is limited by 50% of the bank's adjusted capital. The sum of large net exposures of the investment portfolio must not exceed 800% of the bank's adjusted capital. If the statutory limits on investment portfolio exposure are exceeded, additional limits on exposure of a trading portfolio in relation to the respective single entity or a group of related entities apply.

**Participations.** The prior approval of the CNB is required for the acquisition of a participation in a bank which results in the acquiring person's exceeding an ownership threshold of 10%, 20%, 30% or 50% of the bank's share capital or voting rights. The decrease of a participation which prior to the decrease amounted to at least 50%, 30% or 20% of the bank's share capital or voting rights, below these thresholds, or a complete disposal of it, must be notified to the CNB.

**Deposit insurance.** Banks are required to make annual contributions to the Deposit Insurance Fund in the amount of 0.16% of the average amount of their insured deposits. If a bank becomes insolvent, a single customer's deposits are insured up to the CZK equivalent of €100,000.

## The Hungarian banking system

**The National Bank of Hungary.** The National Bank of Hungary (NBH) sets, and is responsible for realising the monetary policy of Hungary. The NBH also acts as a lender of last resort for credit institutions, *i.e.*, by providing an extraordinary loan to a credit institution whose operations would otherwise endanger the stability of the Hungarian financial system. The NBH's supervisory tasks in connection with the banking sector include reviewing credit institutions' compliance with certain licensing obligations and with the orders of the chairman of the NBH. Without prejudice to its primary objective, NBH supports the economic policy of the government, using direct policy instruments at its disposal. The most recently introduced initiative of the NBH in 2013 is the "Funding for Growth Scheme". Aiming at credit extension to foster economic growth, the programme is envisaged to provide HUF250 billion (€800 million) worth of refinancing loans to small and medium-sized enterprises via the banking system for investments and co-financing EU projects. Further funding should be

released for banks at 0% interest rate in scope of the programme that is scheduled to decrease foreign currency reserves of the NBH by €3 billion.

**The Hungarian Financial Supervisory Authority.** Generally, the regulatory powers and supervisory activities in the banking sector are exercised by the Hungarian Financial Supervisory Authority ("HFSA"). The HFSA may impose penalties, ordinary and special remedial measures, including forced administration and decrees on a range of matters. Apart from the supervision of the banking sector, the HFSA also supervises other sectors of the financial services industry, such as capital markets and financial service providers.

**Monetary policies.** The principal objective of the NBH is to achieve and maintain price stability and to support the government's economic policy. The permanent target inflation rate of the NBH has been unchanged at 3% since 2005. Currently, the base rate set by the NBH is 4.75%.

**Capital adequacy.** In line with EU law, the minimum capital adequacy ratio for Hungarian banks is 8%. A bank's own funds consist principally of tier-1 capital, tier-2 capital and tier-3 capital (subordinated third-party debt with a fixed maturity of not less than two years after the date of its transfer to the appropriate account) less certain capital investments in other banks or financial institutions. However, according to Basel 3 (which is anticipated to be implemented gradually from 2014 until 2019, due to recent delay in its introduction), tier-3 capital will be eliminated and further regulations are expected to be implemented in connection with capital adequacy requirements (e.g., capital buffers and a minimum 3% leverage ratio). The HFSA may impose remedies if the capital adequacy ratio of a bank falls below the statutory minimum.

**Minimum reserves.** Banks must deposit with the NBH an amount sufficient to meet the NBH's minimum reserve requirements which are currently 0% of the following liabilities: (i) deposits with a maturity exceeding two years, (ii) received loans with a maturity exceeding two years (with certain exceptions), (iii) debt securities with a maturity exceeding two years and (iv) sale/buy-back transactions. For any other liabilities which belong to the reserve funds and are not mentioned above, banks shall decide which reserve ratio should be applied, i.e., 2%, 3%, 4%, or 5%. In the absence of such choice, it is 2%.

**Large exposures.** Generally, the net exposure of a credit institution in relation to a single customer or a group of connected customers must not exceed 25% of the bank's share capital or HUF42 billion (whichever is higher). A credit institution's exposure to a single customer or group of related customers is regarded as a large exposure if its value is equal to or exceeds 10% of the own funds of the credit institution. The credit institutions must maintain solvency. Therefore, the amount of own funds may not drop below the statutory minimum of subscribed capital for banks, that is HUF2 billion.

**Participations.** The prior approval of the HFSA is required for the acquisition of a qualified participation (controlling 10% or more of voting rights or the right of appointing 20% of the members of the decision-making bodies) in a bank or changing its already acquired qualified participation in a way which results in the acquiring person's exceeding an ownership threshold of 20%, 33% or 50% of the bank's voting rights. Termination or any decrease of a participation in a bank below those thresholds must be notified to the HFSA two days prior to and within thirty days from contracting.

**Deposit insurance.** Hungarian registered credit institutions (except for Hungarian registered branch offices, if the deposit insurance of the parent credit institution is in accordance with EU regulations) are obliged to join upon the payment of a single joining fee equal to 50% of the share capital of the credit institution and required to make annual contributions, in quarterly installments, to the Hungarian National Deposit Insurance Fund ("HNDIF"). The amount of an annual contribution is determined by taking into account the total deposits at the credit institution and other conditions provided for in the articles of HNDIF. The amount of the annual contribution is limited to 0.2% of the aggregate total interest holdings insured by

HNDIF as of 31 December of the preceding year. If a credit institution becomes insolvent, a single customer's deposits are insured up to €100,000 per credit institution (*i.e.*, if a depositor deposits money in multiple banks, such deposits are insured separately in each bank up to this limit). The payment is made in Hungarian forints calculated at the foreign currency rate on the day preceding the start date of compensation.

**Tax system.** In addition to regular corporate taxes (*i.e.*, 2% local business tax based on turnover, corporate income tax of 10% in the case of an up to HUF500 million tax base and 19% beyond that, and 0.3% innovation contribution), financial institutions are subject to special taxes. A banking tax of 0.53% of total assets (0.15% below HUF 50 billion) is payable by credit institutions.

Additionally, credit institutions (as subtypes of financial institutions) in particular are also required to pay a special tax contribution for the financial year beginning in 2013. The special tax base is the profit before taxation calculated for the financial year (tax year) of the credit institution increased by the amount which is payable in accordance with the above defined banking tax. The rate of the special tax contribution is 30%, however, the payable amount must not exceed the amount payable by the credit institution for the tax year as a banking tax. The special tax contribution must be declared on a special form and is payable by the deadline prescribed for the submission of corporate tax returns.

A levy of 0.2% is imposed on financial transactions, and a levy of 0.3% is imposed on cash transactions (capped at HUF6,000). The credit institution is obliged to assess, declare and pay the levy on the special form of the national tax authority until the twentieth day following the relevant transaction. Since the transaction levy did not generate as much revenue as expected beforehand by the government, an increase of the levy rates may be considered.

## The Romanian banking system

**National Bank of Romania.** The regulatory powers and supervisory activities in the banking sector are exercised by the National Bank of Romania (NBR) as the central bank. The NBR may recommend adoption of measures or take supervisory measures and/or impose sanctions, including special administration. The supervision of other sectors of the financial services industry, such as capital markets, insurance and pensions, is currently performed by other authorities (the National Securities Commission and the Private Pension System Supervisory Commission, respectively).

**Monetary policies.** The NBR pursues a policy of low inflation. The target inflation rate proposed by the NBR is 3% (plus or minus one percentage point) for 2012 and 2.5% (plus or minus one percentage point) for 2013.

**Capital adequacy.** A bank's own funds consist of: (i) the core capital, also called tier-1 capital, consisting mainly of paid-in capital and reserves, and (ii) base and supplementary funds, also called tier-2 capital, consisting mainly of revaluation reserves and certain types of subordinated long-term debt meeting strict repayment conditions as laid down by the NBR.

The calculation method of the amount of regulatory capital that must be held by a bank takes into consideration the requirements laid down by Basel II subject to different types of risks (*e.g.*, credit risk, operational risk, market risk, etc.). Banks are allowed to use internal credit ratings to determine the amount of regulatory capital that must be held, subject to prior approval of the NBR. Non-observance of the requirements in relation to own funds or minimum capital adequacy entitles NBR to apply sanctions, including revocation of the banking license of the respective credit institution.

**Minimum reserves.** Banks must deposit with the NBR an amount sufficient to meet the NBR's minimum reserve requirements, which are currently (i) 15% of RON liabilities with residual maturities shorter than two years from the end of the observance period or residual maturities longer than two years from the end of the observance period with clauses referring to early

withdrawal, repayment or transfer; (ii) 0% of RON and foreign currency liabilities with residual maturities longer than two years from the end of the observance period without clauses referring to early withdrawal, repayment or transfer; (iii) 20% of foreign currency liabilities with residual maturities shorter than two years from the end of the observance period or residual maturities longer than two years from the end of the observance period with clauses referring to early withdrawal, repayment or transfer; and (iv) 0% of RON and foreign currency non-repayable loans.

**Large exposures.** According to NBR regulations, the net exposure (*i.e.*, the exposure after taking into account the effects of credit risk mitigation) of a bank *vis-à-vis* a customer or *vis-à-vis* a group of connected customers must not exceed 25% of the bank's own funds. If the customer is a credit institution or investment company or within the group of customers a credit institution or investment company is included, special conditions are provided, mainly the net exposure is limited to 25% of the bank's own funds or €150 million, whichever value is the highest, provided that the exposure *vis-à-vis* the customer or *vis-à-vis* the group of connected customers which are not credit institutions or investment company does not exceed 25% of the bank's own funds.

**Participations.** A person, or group of persons, who intends to become a significant shareholder (acquiring at least 10% of the participations or voting rights or a significant influence over the management or business policy of the bank) must notify such intention to the NBR for prior authorisation. Any significant shareholder contemplating increasing or decreasing its participation in a bank which results in the shareholder's participation exceeding or falling below a threshold of 20%, 33% or 50% of the bank's capital or voting rights must notify such intention to the NBR in advance. The bank must also notify the NBR of any increase or decrease of a participation that results in the person's participation crossing such thresholds.

**Deposit insurance.** Banks pay an annual contribution to Bank Deposit Guarantee Fund up to a maximum amount of 0.5% of RON and foreign currency deposits in the previous year. Should a bank not be able to repay its customers their deposits, the Bank Deposit Guarantee Fund guarantees the repayment of customer deposits up to a maximum of €100,000.

Banks also pay a special contribution to the so-called Bank Resolution Fund (which is part of the 2012 legislative stabilisation measures (*Fondul de restructurare bancară*)) that is determined by applying a percentage of up to a maximum of 0.1% of its uncovered liabilities (total liabilities minus insured deposits).

## The Serbian banking system

**National Bank of Serbia.** The regulatory powers and supervisory activities in the banking sector are exercised by the National Bank of Serbia ("NBSE"). The NBSE may impose penalties and other remedial measures, including forced administration.

**Monetary policies.** The NBSE aims to maintain low and stable levels of inflation and support sustainable economic growth. Inflation targets set by the Memorandum of the National Bank of Serbia on targeted inflation rates until 2014 are 4.5% for 2011 and 4.0% for 2012, 2013 and 2014, respectively, each with an allowed variation of +/- 1.5 percentage points.

**Capital adequacy.** The minimum capital adequacy ratio is 12%. A bank must maintain the appropriate amount of capital for the purpose of stable and safe business activities and fulfilment of obligations to its creditors. Capital of a bank consists of core and supplementary capital, as well as any other forms of capital prescribed by the NBSE. The NBSE prescribes the method of calculation of a bank's capital and capital adequacy, as well as the conditions and manner of obtaining consent for the calculation of bank's capital and capital adequacy. In conducting its business activities, each bank maintains the amount of capital so that it will never be lower than the dinars equivalent of €10,000,000 at the official middle exchange rate.



With a view to stable and safe business activities and fulfilment of obligations to creditors, each bank must maintain capital adequacy ratio at the prescribed level. Capital adequacy ratio is the relation between capital and risk weighted assets of a bank.

The NBSE may determine a higher capital adequacy ratio than the prescribed one for a bank if, on the basis of the type and level of risk and business activities of the bank, it is established that this is necessary for stable and safe business activities, and/or fulfilment of obligations to creditors.

The NBSE prescribes the criteria for determining the capital adequacy ratio. Bank core capital is the sum of the following elements, decreased by deductibles: (i) paid-in share capital; excluding preference cumulative shares; (ii) reserves from profit and (iii) bank profit. Deductibles from the core capital include: (i) losses from previous years; (ii) current year losses; (iii) intangible investments; (iv) acquired own ordinary and preference shares, excluding preference cumulative shares, in their carrying amount (of nominal value increased by issuing premium); (v) ordinary and preference shares (excluding preference cumulative shares) taken as pledge by the bank in the amount of the value of claims secured with share pledge or the nominal value of the shares taken as the pledge increased by accrued issuing premium, whichever is lower; and (vi) regulatory adjustments of the value in relation to international financial reporting standards and international accounting standards.

Bank supplementary capital is the sum of the following elements, decreased by deductibles: paid-in share capital based on bank preference cumulative shares, part of positive revaluation reserves of the bank, hybrid capital instruments, subordinated liabilities and the surplus of allowances for impairment, provisions, and loan loss provisions (subject to consent from NBSE to apply the IRB approach).

Deductibles include: (i) acquired own preference cumulative shares in their carrying amount; (ii) preference cumulative shares taken as pledge by the bank in the amount of the value of claims secured with share pledge or nominal value of the shares taken as the pledge increased by accrued issuing premium, whichever is lower; and (iii) claims based on balance sheet assets and off-balance sheet items of the bank secured with hybrid instruments or subordinated liabilities of the bank, up to the amount in which such instruments/liabilities are included in the supplementary capital.

A bank must comply with the following restrictions for individual capital elements: (i) core capital accounts for a minimum of 50% of capital; (ii) subordinated liabilities included in supplementary capital may not exceed 50% of the core capital amount; (iii) the total amount of hybrid instruments, excluding the hybrid instruments which, due to a deterioration of the bank's financial condition, may be turned into shares (excluding the preference cumulative shares) may not exceed 35% of the core capital of such bank; and (iv) the total amount of all hybrid instruments may not exceed 50% of a bank's core capital.

**Minimum reserves.** Banks must deposit with the NBSE an amount sufficient to meet the NBSE's minimum reserve requirements. A bank must calculate its required reserves by applying the following ratios on the 17<sup>th</sup> day of each month in the following manner: (i) with respect to RSD reserves, applying a rate of 5% on the portion of the dinar base composed of liabilities with maturities of less than two years (*i.e.*, 730 days), and 0% on the portion of the dinar base composed of liabilities with maturities longer than two years (*i.e.*, 730 days); and (ii) with respect to foreign currency reserves, applying a rate of 29% on the portion of the foreign currency base composed of liabilities with maturities of less than two years (*i.e.*, 730 days) and 22% on the portion of the foreign currency base composed of liabilities with maturities longer than two years (*i.e.*, 730 days) (except, in each case, for foreign currency indexed liabilities, for which a rate of 50% applies).

The calculated dinar required reserves equal the sum of 32% of the portion of the foreign currency base composed of liabilities with maturities of less than two years (*i.e.*, 730 days) and 24% of the portion of the foreign currency base composed of liabilities with maturities longer



than two years (*i.e.*, 730 days) (except, in each case, for foreign currency indexed liabilities, for which a rate of 50% applies).

The calculated foreign currency required reserves shall be the sum of 68% of calculated required reserves in euros on the portion of the foreign currency base composed of liabilities with maturities of less than two years (*i.e.*, 730 days), and 76% of calculated required reserves in euros on the portion of the foreign currency base composed of liabilities with maturities longer than two years (*i.e.*, 730 days) (except, in each case, for foreign currency indexed liabilities, for which a rate of 50% applies).

Banks may not calculate required reserves against: (i) liabilities to the NBSE; (ii) liabilities to banks allocating required reserves with the NBSE; (iii) subordinated liabilities recognized by the NBSE as eligible for inclusion in the bank's supplementary capital; (iv) dinar and foreign currency liabilities in respect of funds received by banks from international financial institutions, governments and financial institutions founded by foreign states, through the intermediation of the government as the main debtor and/or owner of these funds or received directly, provided that the agreed principles of setting interest spreads are compiled on reinvestment of those funds; (v) dinar and foreign currency liabilities in respect of deposits, credit and other funds received from abroad from 1 October 2008 to 31 March 2010, until the originally established maturity of such liabilities, but no later than 31 December 2013; (vi) dinar savings deposits accumulated from 31 October to 8 November 2010, until their maturity, provided they are not foreign currency indexed; or (vii) dinar and foreign currency liabilities arising from financial support provided by the Deposit Insurance Agency in accordance with the law.

The Executive Board of the NBSE may determine that a bank which has assumed the liabilities of a transferring bank, in accordance with the law governing the assumption of assets and liabilities of banks for the purposes of preserving stability of the financial system of the Republic of Serbia, does not have to calculate required reserves within a certain period of time on the total amount, or a part of, the assumed liabilities in dinars and foreign currency in respect of which the transferring bank was obliged to calculate required reserves.

**Large exposures.** Under Serbian law, a bank's exposure to one person or a group of related persons represents the total amount of receivables and off balance sheet items towards such person or group of related persons (credit, investments in debt securities, ownership investments and participations, issued guarantees and sureties, etc.). A "large" exposure means exposure to a single person or group of related persons amounting to at least 10% of the bank's capital. Exposure of a bank to a single person or group of related persons may not exceed 25% of the bank's capital, and exposure of a bank to a person related to the bank may not exceed 5% of the bank's capital. The aggregate exposure of the bank to persons related to the bank may not exceed 20% of the bank's capital. The NBSE prescribes the total of all large exposures of a bank, which may not be less than 400% or more than 800% of the bank's capital.

**Participations.** The prior approval of the NBSE is required for a direct and/or indirect acquisition of a holding in a bank's capital resulting in the acquisition of 5% to 20%, 20% to 33%, more than 33% to 50% and more than 50% of the voting rights in the bank. In addition, the NBSE must be notified on completion of the acquisitions. If the acquisitions were executed without the necessary approval by the NBSE, the NBSE shall order the acquirers to dispose of such shares, and shall prohibit them from a direct or indirect exercise of voting rights in the bank, or influencing management or the business policy of the bank. If the unlawful acquirers of a bank's shares fail to dispose of such shares under the terms and conditions specified by the NBSE, the acquisition shall be deemed null and void. A bank is obligated to notify the NBSE, at least once a year, as well as upon the NBSE's request, of all persons that hold a participation in a bank. Finally, a bank must notify the NBSE of any increase and/or decrease in such participation.

**Deposit insurance.** Banks are required to pay deposit insurance premiums to the Deposit Insurance Agency in accordance with terms and conditions stipulated by that agency. Banks must pay initial, quarterly and extraordinary premiums. Initial premiums are paid within 45 days of the bank's registration with the competent registry and are equal to 0.3% of the pecuniary portion of the minimum core capital of the bank. Quarterly premiums may not exceed 0.1% and are calculated and collected on the basis of the average total insured deposits in the previous quarter. If the funds in the Deposit Insurance Agency reach 5% of the total amount of insured deposits, the agency may stop calculation and collection of the quarterly premiums. Extraordinary premiums are paid when the funds in the Deposit Insurance Agency are insufficient for payouts of insured amounts. The aggregate amount of extraordinary premiums' rates per year may not exceed 0.4%. The Deposit Insurance Agency calculates and collects the extraordinary premium based on the most recently determined average total insured deposits. If a bank becomes insolvent, the deposits of (i) individuals, (ii) entrepreneurs, and (iii) small and medium-sized legal entities (unless they are (i) deposits of persons related to the bank, (ii) bearer deposits, (iii) deposits with a code (*i.e.*, a series of letters, numbers, or symbols assigned to the account for purposes of secrecy or classification or identification), or (iv) deposits which arose from money laundering or terrorism financing) are insured up to a net value of €50,000 in RSD equivalent.

## The Slovak banking system

**The National Bank of Slovakia.** The regulatory powers and supervisory activities in the banking sector are exercised by the National Bank of Slovakia (NBS). The NBS may impose penalties and other remedial measures, including forced administration. Moreover, the NBS supervises capital markets, the insurance industry and other parts of the financial system. As of 1 January 2009 (*i.e.*, the date on which Slovakia adopted the Euro as its official currency), the NBS has been included in the Eurosystem, the monetary authority of the Eurozone.

**Monetary policies.** The primary objective of the NBS is to maintain price stability. To this end, it participates in the common monetary policy set by the ECB for the Eurozone and proceeds in accordance with the rules governing the Eurosystem.

**Capital adequacy.** In line with EU law and Basel II, the minimum capital adequacy ratio is 8%. Under Article II of the Recommendation of the Financial Market Supervision Department of the NBS No. 1/2012 of 16 January 2012, the recommended minimum capital adequacy ratio is currently 9%. A bank is required to calculate and systematically monitor the amount of its own funds pursuant to criteria laid down in the applicable act on banks. If the NBS detects irregularities in a bank's activities, it may urge the bank to maintain its own funds in an amount that exceeds the minimum capital adequacy limits or to adopt recovery measures, including submitting a binding recovery programme containing a plan for fulfilment of capital adequacy requirements. If the bank maintains its own funds at a level lower than 50% of the applicable capital adequacy requirements, the NBS is obliged to introduce forced administration, and if the bank maintains its own funds at a level below 25% of the capital adequacy requirements, the NBS is obliged to revoke its banking license.

**Minimum reserves.** Banks must hold minimum reserves on accounts with the NBS pursuant to the Eurosystem's minimum reserves system. The reserve base comprises deposits and debt securities issued. Reserve ratios set forth by the ECB apply, *i.e.*, a reserve ratio of 0% applies for the following liability categories: (i) deposits with agreed maturity over two years, (ii) deposits redeemable at notice over two years, (iii) repos, and (iv) debt securities issued with an agreed maturity over two years. All other liabilities included in the reserve base bear a reserve ratio of 2.0%.

**Large exposures.** Under Slovak law, a large asset exposure is legally defined as the asset exposure of the bank *vis-à-vis* one person or a group of economically connected persons that is higher than 10% of its own funds. Taking into account credit risk mitigation effects, the asset

exposure of a Slovak bank must not exceed the higher of the following thresholds: 25% of its own funds or €150,000,000.

**Participations.** Prior approval of the NBS is required to acquire or to exceed a share in the bank's registered share capital or voting rights of 20%, 30% or 50% in one or a series of transactions, directly or through concerted action.

**Deposit insurance.** Banks are required to make annual contributions to the Deposit Insurance Fund. Based on the new bank's levy approved by Slovak parliament in 2012, the contribution to the Deposit Insurance Fund is suspended until the end of 2013 (the original contribution was equal to 0.2% of the amount of the insured deposits). Currently, there is no decision for 2014 and 2015. If the NBS declares that a bank is unable to pay out deposits, the Deposit Insurance Fund must compensate customers of the bank with the full value of their deposits up to a maximum amount of €100,000. Protection is provided only with respect to the deposits made by individual persons and to a very limited extent to deposits made by legal entities.

**Additional NBS requirements.** The NBS is entitled to implement more detailed regulatory requirements (mainly in the risk area) if a bank is a systemic bank for the economy (Slovenská sporiteľňa is a systemic bank).

# General information on Erste Group Bank and Erste Group

## Formation, name, financial year, duration and notices

The legal name of Erste Group Bank is "Erste Group Bank AG", its commercial name is "Erste Group". It is a stock corporation (*Aktiengesellschaft*) organised and operating under Austrian law. Erste Group Bank was founded as an Austrian stock corporation on 27 April 1993 under the name "DIE ERSTE österreichische Spar-Casse Bank Aktiengesellschaft" and registered with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*) under the registration number FN 33209m on 10 June 1993. The registered office of Erste Group Bank is in Vienna, Austria, its business address is at Graben 21, 1010 Vienna, Austria (telephone number: +43.50100.10100; website: [www.erstegroup.com](http://www.erstegroup.com)). The financial year of Erste Group Bank is the calendar year. Erste Group Bank has been established for an indefinite term. Pursuant to the Articles of Association, notices are generally made by publication in the *Amtsblatt zur Wiener Zeitung* (the Austrian official gazette), and where legally permissible, on the website, in a general available gazette or via an electronic data dissemination system or in Erste Group Banks' bank counter halls.

## Object and purpose of business of Erste Group Bank

The object of the business (*Gegenstand des Unternehmens*) of Erste Group Bank is set forth in Section 2 of its Articles of Association. With certain exceptions, the object of the business of Erste Group Bank is the operation of all types of banking business pursuant to Section 1 (1) Banking Act and Section 1 of the Austrian Statute on Mortgage Banks (*Hypothekengesetz*), including, in particular, holding company activities.

Erste Group Bank is also entitled to perform activities pursuant to Section 1 (2) Banking Act which are decisive for the qualification as a financial institution and other activities pursuant to Section 1 (3) Banking Act, operate the insurance agency business, emissions certificates trading, the letting of garages and its own movable assets and properties, trading businesses of all kinds domestically and abroad, the box office business, the distribution of interests in licensed games of chance, agent services concerning non-banking business of all kinds, and all kinds of business suitable to directly or indirectly support the business objects and the business area of Erste Group Bank, or which are connected therewith. It may also issue mortgage bonds (*Hypothekendarlehenbriefe*) and public sector covered bonds (*Kommunalschuldverschreibungen (öffentliche Pfandbriefe)*).

As the central financial institution and clearing house of the Austrian savings banks, Erste Group Bank is also entitled, among other things, to administer and invest the liquid funds of the savings banks, including their liquidity reserves, issue secured partial debentures (*fundierte Teilschuldverschreibungen*), carry out bank transactions on behalf of the savings banks, facilitate their money and business transactions among them and with third parties and grant them loans, loan assistance and liquidity assistance.

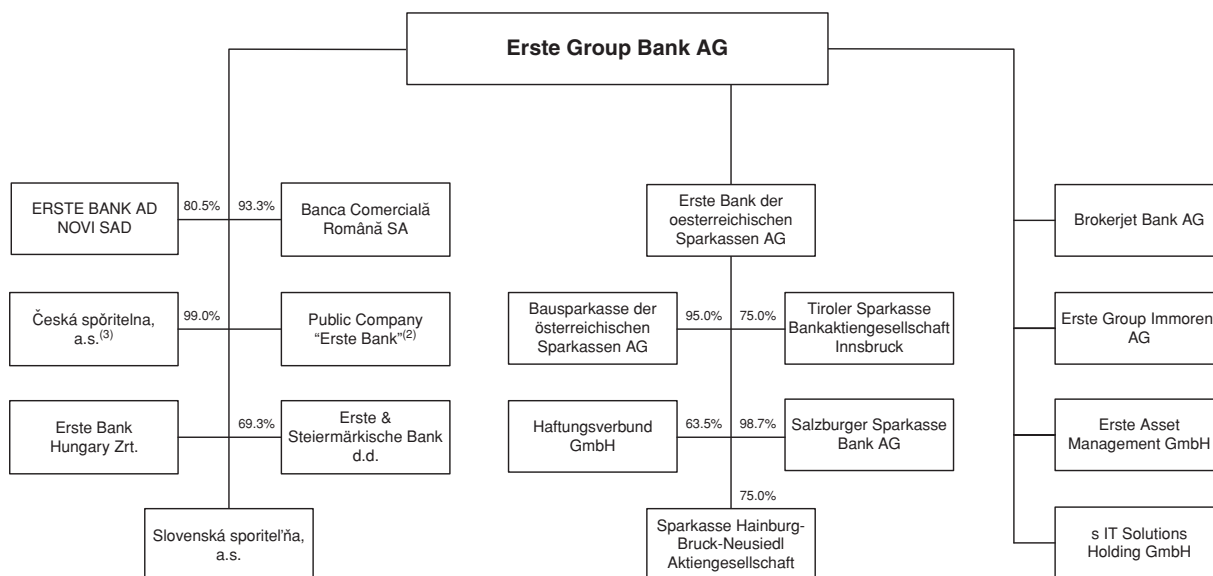
Erste Group Bank may establish branches and carry out its business activities in Austria and abroad, acquire interests in other business enterprises, establish subsidiaries as well as enter into group and other business enterprise contracts.

## Structure of Erste Group

Erste Group Bank AG is the parent company of Erste Group. The following chart gives a simplified overview of the structure of Erste Group, showing the material direct and indirect subsidiaries of Erste Group Bank as of 31 March 2013. After 31 March 2013, no material changes to the simplified overview of the structure of Erste Group have occurred. For the purpose of this chart, "Erste Group" does not include the Austrian savings banks that are required to be consolidated under IFRS into Erste Group's results as a result of their

membership in the *Haftungsverbund* and in which Erste Group Bank holds either a minority interest or no equity stake at all:

### Erste Group Structure<sup>(1)</sup>



Source: Internal information of Erste Group Bank.

- (1) Except as otherwise indicated, all direct and indirect shareholdings are 100%.
- (2) On 20 December 2012, Erste Group entered into an agreement for the sale of Public Company "Erste Bank" (Erste Bank Ukraine) to the shareholders of Fidobank. The closing of the transaction was subject to several conditions, including regulatory approvals, and occurred on 30 April 2013. Therefore, as of the date of this Prospectus, Public Company "Erste Bank" is not part of Erste Group any more.
- (3) Voting rights amount to 99.5%.

### Information on significant holdings of Erste Group Bank

The table below provides an overview of Erste Group Bank's significant direct and indirect holdings, all of which are universal banks, and related additional information. The figures presented are taken or derived from Erste Group Bank's accounting records and prepared on

the basis of IFRS, unless otherwise indicated. All shares in the affiliated companies of Erste Group Bank shown below are fully paid up.

Name, Registered office	Direct/ indirect interest held by Erste Group Bank as of 31 December 2012 (in %) <sup>(1)</sup>	Subscribed capital as of 31 December 2012 (in € thousand) <sup>(2)</sup>	Book value of shares as of 31 December 2012 (in € thousand) <sup>(3)</sup>	Reserves as of 31 December 2012 (in € thousand) <sup>(4)</sup>	Receivables (payables) of/to Erste Group Bank to/by affiliates as of 31 December 2012 (in € thousand) <sup>(5)</sup>	Net income/(net loss) in FY 2012 (in € thousand) <sup>(2)</sup>	Dividends received by Erste Group Bank or the respective direct parent company of the affiliate in FY 2012 (in € thousand)
Erste Bank der oesterreichischen Sparkassen AG, Vienna, Austria . . . . .	100.0	587,924	843,084	424,472	4,141,142	120,015	80,000
Česká spořitelna, a.s., Prague, Czech Republic . . . . .	99.0	604,350	1,406,734	2,259,623	868,302	618,730	299,069
Slovenská sporiteľňa, a.s., Bratislava, Slovakia . . . . .	100.0	212,000	532,559	768,256	(14,992)	184,790	111,600
Banca Comercială Română SA, Bucharest, Romania . . . . .	93.3	664,317	2,619,166	1,222,991	(4,787,868)	(284,584)	—
Erste & Steiermärkische Bank, d.d., Rijeka, Croatia . . . . .	69.3	224,733	397,687	632,707	(1,024,623)	63,872	24,170
Erste Bank Hungary Zrt., Budapest, Hungary . . . . .	100.0	345,535	230,841	412,318	(3,216,823)	(63,128)	—

Source: Audited consolidated financial statements of Erste Group Bank as of and for the financial year ended 31 December 2012 and internal information of Erste Group Bank.

- (1) Audited.
- (2) Calculated at the level of the respective entity before taking into account consolidation or elimination effects.
- (3) Figures taken from the respective parent company's unconsolidated financial statements.
- (4) Reserves are calculated as total equity less subscribed capital and net income before taking into account consolidation or elimination effects.
- (5) All intercompany businesses against mentioned companies.

## Auditors

Sparkassen-Prüfungsverband Prüfungsstelle (as statutory auditor, two current directors of which are members of the Austrian Institute of Auditors (*Institut Österreichischer Wirtschaftsprüfer*)) with its business address at Grimmelshausengasse 1, 1030 Vienna, Austria, and Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (a member of the Austrian Chamber of Chartered Accountants (*Kammer der Wirtschaftstreuhänder Österreich*)) with its business address at Wagramer Straße 19, 1220 Vienna, Austria, have audited and rendered unqualified auditor's reports on the consolidated financial statements of Erste Group Bank as of and for the financial years ended 31 December 2010 (auditor's report dated 3 March 2011), 31 December 2011 (auditor's report dated 29 February 2012) and 31 December 2012 (auditor's report dated 28 February 2013).

## Paying agents and custodians

### Austria

The paying agent is Erste Group Bank. The custodians are Erste Group Bank, any Austrian notary public, any Austrian bank, as well as any other agent designated in the invitation to the Shareholders' Meeting.

### Czech Republic

The paying agent is Erste Group Bank. The custodian is CDCP, with its business address at Rybná 14, 110 05 Prague 1, Czech Republic.

### Romania

The paying agent and custodian is Depozitarul Central SA, with its business address at 25 Fagaras Street, Bucharest 1, Romania.



# Description of the share capital and applicable regulations

## Registered capital and shares

As of the date of this Prospectus, the registered share capital of Erste Group Bank amounts to €789,137,294. It is divided into 394,568,647 no-par value voting bearer shares (ordinary shares), each of which represents a notional value of €2.00 per share in the share capital. Erste Group Bank's registered share capital is fully paid up. Shares from future capital increases may be either bearer shares or registered shares. If the resolution on a capital increase does not contain a provision to the contrary, the shares are bearer shares.

The capital increase underlying the Combined Offering will be effected through a partial exercise of the authorised capital. Its implementation is expected to be registered with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*) on or about 4 July 2013. If 32,179,425 New Shares are issued (assuming the issue of New Shares at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013, and targeted gross proceeds of the Combined Offering of approximately €660 million), Erste Group Bank's registered share capital will amount to €853,496,144, divided into 426,748,072 Shares.

Erste Group Bank's entire registered share capital of €789,137,294, i.e., 394,568,647 ordinary shares is admitted to trading (i) on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange and traded in the Prime Market segment thereof, (ii) on the Prime Market of the Prague Stock Exchange, and (iii) in the International Shares Category of the Bucharest Stock Exchange. All shares of Erste Group Bank are represented by several global share certificates deposited with OeKB, Am Hof 4, 1010 Vienna, Austria.

## History of the share capital

Erste Group Bank (then: "DIE ERSTE österreichische Spar-Casse—Bank Aktiengesellschaft") was established as a stock corporation in 1993 with a share capital of ATS 1,800,000,000 (€130,811,101.50), when the banking business of "DIE ERSTE österreichische Spar-Casse—Bank" was transferred to it by way of universal succession (*Gesamtrechtsnachfolge*).

In 1997, following several minor capital increases, the share capital of Erste Group Bank was increased from ATS 2,432,016,300 (€176,741,517.26) by ATS 1,708,325,000 (€124,148,819.43) to ATS 4,140,341,300 (€300,890,336.69) in connection with the merger with GiroCredit Bank Aktiengesellschaft der Sparkassen. In connection with the initial public offering (IPO) of Erste Group Bank in 1997, the share capital of Erste Group Bank was further increased by ATS 295,738,600 (€21,492,162.23) to ATS 4,436,079,900 (€322,382,498.93).

After several minor share capital increases and a major share capital increase in July 2002, the share capital of Erste Group Bank was increased twice in 2002 to a total amount of €434,766,058.88, divided into 59,825,114 shares: First, in January 2002, due to the subscription for shares under the ESOP 2002 and the exercise of share options under the MSOP 2002, by an amount of €1,832,510.92, and second, in the course of the public offering of shares in Erste Group Bank in July 2002, by an additional amount of €66,931,680.27.

In 2003, a total of 118,694 shares was issued, hereby increasing the share capital of Erste Group Bank by €862,582.94 to an amount of €435,628,641.82, divided into 59,943,808 shares, due the subscription for shares under the ESOP 2003 and the exercise of share options under the MSOP 2002.

On 4 May 2004, the ordinary Shareholders' Meeting resolved on a capital adjustment (an increase of the share capital by €43,921,822.18 out of free reserves without the issue of new shares), which raised the notional value of the shares to €8, and a subsequent four-for-one share split. As a consequence of these measures, and the subscription for additional shares under the ESOP 2004 and the exercise of share options under the MSOP 2002, the share capital of Erste Group Bank increased to €482,885,784, divided into 241,442,892 shares in 2004.

In 2005, due to the subscription for shares under the ESOP 2005 and the exercise of share options under the MSOP 2002, a total of 1,740,708 shares was issued, which increased the share capital of Erste Group Bank by €3,481,416 to €486,367,200, divided into 243,183,600 shares.

In 2006, the share capital of Erste Group Bank was increased by €144,225,170 to a total amount of €630,592,370, divided into 315,296,185 shares following the public offering of shares in January 2006, the subscription for shares under the ESOP 2006 and the exercise of share options under the MSOP 2002 and the MSOP 2005, and the offering of shares to shareholders of Banca Comercială Română (Romania) (BCR) as consideration for the transfer of their shares in BCR to Erste Group Bank (contribution in kind).

In 2007, due to the subscription for shares under the ESOP 2007 and the exercise of share options under the MSOP 2002 and the MSOP 2005, a total of 992,760 shares was issued, which increased the share capital of Erste Group Bank by €1,985,520 to €632,577,890, divided into 316,288,945.

In 2008, due to the subscription for shares under the ESOP 2008 and the exercise of share options under the MSOP 2002 and the MSOP 2005, a total of 723,818 shares was issued, which increased the share capital of Erste Group Bank by €1,447,636 to €634,025,526, divided into 317,012,763 shares.

In 2009, the share capital of Erste Group Bank was increased by €121,824,646 to €755,850,172, divided into 377,925,086 shares following the public offering of shares in November 2009 and the subscription for shares under the ESOP 2009.

In 2010, due to the subscription for shares under the ESOP 2010, a total of 251,635 shares was issued from conditional capital, which increased the share capital of Erste Group Bank by €503,270 to €756,353,442, divided into 378,176,721 shares.

In 2011, the share capital of Erste Group Bank was increased by €25,181,082 to a total amount of €781,534,524, divided into 390,767,262 shares following the subscription for 289,663 shares under the ESOP 2011, issued from conditional capital, and the issuance of a total of 12,300,878 shares, issued from authorised capital, to shareholders of BCR as consideration for the transfer of their shares in BCR to Erste Group Bank (contribution in kind).

In 2012, the share capital of Erste Group Bank was increased by €7,602,770 to a total amount of €789,137,294, divided into 394,568,647 shares following the issuance of a total of 3,801,385 shares, issued from authorised capital, to shareholders of BCR as consideration for the transfer of their shares in BCR to Erste Group Bank (contribution in kind).

For details regarding the ESOPs and the MSOPs of Erste Group Bank, see *"Shareholder structure and participation programmes—Employee share ownership programmes and management share option programmes"* and for details regarding the transactions with the BCR shareholders, see *"Description of Erste Group's business—Acquisitions"*.

### **Shares owned by or on behalf of Erste Group Bank or a subsidiary and authorisation to acquire own shares**

As of 31 March 2013, a total of 4,814 shares (or 0.0012% of 394,568,647 then existing shares in Erste Group Bank) each with a notional value of €2.00 and an aggregate book value of €0.1 million were held by or on behalf of Erste Group Bank and its subsidiaries (excluding the savings banks consolidated by Erste Group solely by virtue of the *Haftungsverbund*, in which Erste Group Bank owns no, or only a minority interest).

As of 31 March 2013, a total of 18,848,466 shares (or 4.78% of 394,568,647 then existing shares in Erste Group Bank) each with a notional value of €2.00 and an aggregate book value of €513.7 million were held by the savings banks consolidated by Erste Group solely by virtue of the *Haftungsverbund*, in which Erste Group Bank owns no, or only a minority interest.

In the Shareholders' Meeting held on 16 May 2013, the shareholders authorised the Management Board to acquire own shares pursuant to Section 65 (1) No. 7 Stock Corporation Act of up to 10% of the registered capital for the purpose of securities trading, with the trading volume of shares acquired for this purpose not exceeding 5% of the registered share capital at the close of each day. The consideration for the shares to be purchased must not be lower than 50% of the closing price at the Vienna Stock Exchange on the last trading day prior to the purchase and must not exceed the closing price at the Vienna Stock Exchange on the last trading day prior to the purchase by no more than 20%. This authorisation is valid for 30 months, *i.e.*, until 15 November 2015.

In addition, the Shareholders' Meeting of 16 May 2013 authorised the Management Board to acquire own shares pursuant to Section 65 (1) No. 8 in conjunction with Section 65 (1a) and (1b) Stock Corporation Act of up to 10% of the registered share capital, subject to the Supervisory Board's consent, with the option of making repeated use of the 10% limit, either on the stock exchange or over the counter, likewise to the exclusion of the shareholders' right to tender proportional payment. The authorisation is valid for 30 months, *i.e.*, until 15 November 2015, and may be exercised in whole or in part or in several instalments and in pursuit of one or several purposes. €2 per share shall constitute the lowest consideration and €120 per share shall be the maximum consideration. Pursuant to Section 65 (1b) in conjunction with Section 171 Stock Corporation Act, the Management Board was authorised for a period of five years, *i.e.*, until 15 May 2018, subject to the Supervisory Board's consent, to sell or use the Issuer's own shares, also by means other than via the stock exchange or a public offering for any purpose allowed by law, in particular as consideration for the acquisition and financing of the acquisition of companies, businesses, business divisions or shares of one or several businesses in Austria or abroad, whereby the shareholders' proportional purchase rights may be excluded (exclusion of subscription right).

## **Authorised capital**

As of the date of this Prospectus, the authorised capital of Erste Group amounts to €167,795,474. Pursuant to Section 5.1 of the Articles of Association, the Management Board is authorised until 12 May 2015 to increase the share capital of Erste Group Bank with the consent of the Supervisory Board—in one or more tranches—by up to €167,795,474 by issuing up to 83,897,737 new shares against (i) cash contribution without excluding the subscription rights of the shareholders, however, in the case the capital increase serves the issuance of shares to employees, executive employees or members of the management boards of Erste Group Bank or an Erste Group company, excluding the subscription rights of the shareholders; and/or (ii) contributions in kind, excluding the subscription rights of the shareholders; and, in each case, to determine the issue price, the type of the shares and the issuing conditions.

Based on this authorisation, the Management Board adopted the following resolutions:

On 28 June 2013, the Management Board resolved to increase the share capital of €789,137,294 by up to €167,795,474 to up to €956,932,768 by the issuance of up to 83,897,737 New Shares to be offered in the Combined Offering. These New Shares will carry dividend rights from 1 January 2013.

The Management Board determined the Maximum Subscription and Offer Price to be €25.00. Additionally, the Management Board determined the Subscription Period to run from 3 July 2013 to 17 July 2013, and the Pre-Placement Period to run from 1 July 2013 to 2 July 2013.

The New Shares will—under formal exclusion of the statutory subscription rights of the holders of Existing Shares—initially be subscribed by J.P. Morgan Securities plc. and Morgan Stanley Bank AG at an issue price of €2.00 per New Share, with the obligation to deliver such shares to Subscription Offerees who have exercised their Subscription Rights against payment of the Final Subscription and Offer Price. Based on the terms of the Underwriting Agreement, Erste Group Bank will receive the difference between the aggregate of the Final Subscription and Offer

Price for the New Shares issued and the aggregate of the issue price for the New Shares issued, minus commissions, fees and costs payable by Erste Group Bank in connection with the Combined Offering.

The Management Board resolution of 28 June 2013 was approved by the Supervisory Board on 1 July 2013, and the executive committee (*Exekutivausschuss*) of the Supervisory Board was authorised to approve all further Management Board resolutions in connection with the Combined Offering.

In additional resolutions, the Management Board will, subject to the approval of the executive committee (*Exekutivausschuss*) of the Supervisory Board, determine the Final Subscription and Offer Price which may not exceed the Maximum Subscription and Offer Price, the final number of New Shares offered in the Combined Offering and the Subscription Ratio taking into consideration the targeted net proceeds of the Combined Offering amounting to approximately €630 million. If the targeted net proceeds can be realised by issuing fewer than 83,897,737 New Shares, which is the upper limit of the Combined Offering, the Management Board and the executive committee (*Exekutivausschuss*) of the Supervisory Board may, in their sole discretion, decide to issue fewer than 83,897,737 New Shares.

## **Conditional capital**

### **Conditional Capital I**

In the Shareholders' Meeting held 8 May 2001, the Management Board was authorised to resolve, with the Supervisory Board's consent, a conditional capital increase by a total nominal value of up to €18,168,208.54 for the purpose of granting share options to employees, executive employees and members of the management boards of Erste Group Bank or an Erste Group company, respectively (the "Conditional Capital I"). On 21 January 2002, the Management Board resolved, with the consent of the Supervisory Board (on 30 January 2002), to exercise this authorisation to conditionally increase the share capital of Erste Group Bank to the full extent.

Between 2002 and 2011, the Management Board resolved, based on the Conditional Capital I, to increase the share capital of Erste Group Bank whereby subscription rights of the shareholders of Erste Group Bank were excluded. The purpose of these capital increases was to service the rights of ESOP and MSOP participants who had subscribed for shares in Erste Group Bank under the ESOPs 2002 to 2011, or had exercised their share options under the MSOPs 2002 or 2005, respectively. For more information regarding the ESOPs and the MSOPs, see "*Shareholder structure and participation programmes—Employee share ownership programmes and management share option programmes*".

Currently (taking into account the four-for-one share split in 2004 and the shares already issued to service the rights of ESOP and MSOP participants), the Management Board is authorised under the Conditional Capital I to effect a conditional capital increase of up to a nominal value of €1,923,264 by issuing up to 961,632 ordinary bearer shares or ordinary registered shares with an issue price of at least €2.00 per share against cash contributions and by excluding the subscription rights of the current shareholders.

### **Conditional Capital II**

In the Shareholders' Meeting of 19 May 2006, the Management Board was authorised to resolve with the Supervisory Board's consent a conditional capital increase by a total nominal value of up to €20,000,000 for the purpose of granting share options to employees, executive employees and members of the management boards of Erste Group Bank or an Erste Group company, respectively (the "Conditional Capital II"). On 16 February 2010, the Management Board resolved with the consent of the Supervisory Board (of 16 March 2010) to exercise this authorisation to conditionally increase the share capital of Erste Group Bank to the full extent. As of the date hereof, no shares have been issued under the Conditional Capital II.

### Conditional Capital III

The Shareholders' Meeting of 12 May 2009 resolved to conditionally increase the registered share capital by up to €124,700,000 through the issue of up to 62,350,000 ordinary no-par value voting bearer shares (the "Conditional Capital III"). The Conditional Capital III serves to grant conversion or subscription rights to investors of convertible bonds (*Wandelschuldverschreibungen*) of Erste Group Bank. In the case the terms and conditions of the convertible bonds provide for a mandatory conversion, it shall also cover this mandatory conversion obligation. See "—Supplementary capital and other financing instruments" below.

### Authorised conditional capital

Currently, no authorised conditional capital (*genehmigtes bedingtes Kapital*) exists.

### Supplementary capital and other financing instruments

Erste Group Bank is entitled to issue supplementary capital (*Ergänzungskapital*) pursuant to Section 23 (7) Banking Act, participation capital (*Partizipationskapital*) pursuant to Section 23 (4) and (5) Banking Act, subordinate capital (*nachrangiges Kapital*) pursuant to Section 23 (8) and (8a) Banking Act and hybrid capital (*Hybridkapital*) pursuant to Section 23 (4a) Banking Act. Pursuant to Section 8.1 of its Articles of Association, Erste Group Bank may also issue capital shares (*Kapitalanteilsscheine*) (profit participation rights (*Genussrechte*) pursuant to Section 174 (3) Stock Corporation Act) and instruments that are economically comparable, within the scope of the applicable law, as amended from time to time.

Pursuant to Section 8.2 of the Articles of Association, the Management Board is authorised to issue convertible bonds and option bonds (*Optionsanleihen*) granting subscription or conversion rights for the acquisition of shares in Erste Group Bank. The respective issue price and the issuing conditions are to be determined by the Management Board with the consent of the Supervisory Board. The Management Board is further authorised to issue participating bonds (*Gewinnschuldverschreibungen*).

Pursuant to item 8.3 of the Articles of Association, the Management Board is authorised until 28 June 2017 to issue, with the consent of the Supervisory Board, convertible bonds, which have the conversion or subscription right for shares of Erste Group Bank, observing or excluding the subscription rights of the shareholders. The respective terms and conditions may, in addition or instead of a conversion or a subscription right, also provide for the mandatory conversion at the end of the term or at any other time. The issuance of convertible bonds is limited to the extent that all conversion and subscription rights, and in the case of a mandatory conversion provided for in the terms and conditions, the mandatory conversion, are covered by conditional capital. The issue amount, the terms and conditions of the issue of the convertible bonds and the exclusion of the subscription rights for the shareholders will be determined by the Management Board with the consent of the Supervisory Board.

### General provisions on capital measures

Austrian law permits increases of the share capital of Erste Group Bank in any of the following five ways:

- By a shareholders' resolution on the issuance of new shares against contributions in cash or in kind (ordinary capital increase—*ordentliche Kapitalerhöhung*);
- By a shareholders' resolution authorising the Management Board, subject to approval of the Supervisory Board, to issue new shares up to a specified maximum amount (not exceeding 50% of the share capital) within a specified period, which may not exceed five years (authorised capital—*genehmigtes Kapital*);
- By a shareholders' resolution authorising the issue of new shares up to a specified maximum amount for specific purposes, such as for employee share options (not exceeding 10% of the



share capital), servicing conversion rights granted to holders of convertible bonds, or as consideration in a merger (not exceeding 50% of the share capital) (conditional capital—*bedingtes Kapital*);

- By a shareholders' resolution authorising the Management Board to effect a conditional capital increase with the approval of the Supervisory Board in order to grant share options to employees, executives and members of the Management Board up to a certain maximum nominal amount (not exceeding 10% of the share capital) (authorised conditional capital—*genehmigtes bedingtes Kapital*); or
- By a shareholders' resolution authorising the conversion of free reserves or retained earnings into share capital with or without the issuance of new shares (*Kapitalberichtigung*).

Shareholders' resolutions which increase the share capital of Erste Group Bank generally require a simple majority of the share capital present at the Shareholders' Meeting, unless the subscription rights of existing shareholders are to be excluded, in which case a 75% majority is required. Shareholders' resolutions approving conditional, authorised or authorised conditional capital each require a 75% majority of the share capital represented at the relevant Shareholders' Meeting.

In general, except for certain reductions of share capital by redemption of own shares, a resolution relating to the reduction of Erste Group Bank's share capital requires a majority of at least 75% of the share capital represented at a Shareholders' Meeting.

### **General provisions on appropriation of profits and dividends to shareholders of Erste Group Bank**

Each shareholder is entitled to receive dividends, if and to the extent the distributions of dividends is resolved by the Shareholders' Meeting. A shareholder's share in the profits of Erste Group Bank is determined by the portion of Erste Group Bank's share capital they hold.

Dividend payments on Erste Group Bank's shares in any given financial year are resolved upon in the following year by the Shareholders' Meeting on the basis of a proposal made by the Management Board and the Supervisory Board, without being bound by such proposal. Erste Group Bank's ability to pay dividends is based on its unconsolidated financial statements prepared in accordance with Austrian GAAP. Dividends may be paid only from the annual net profit (*Bilanzgewinn*) recorded in Erste Group Bank's unconsolidated annual financial statements as approved by the Supervisory Board or by the Shareholders' Meeting. In determining the amount available for distribution, the annual net income (*Jahresüberschuss*) must be adjusted to account for any accumulated undistributed net profit or loss from previous years as well as for withdrawals from or allocations to reserves. Certain reserves must be established by law, and allocation to such reserves must therefore be deducted from the annual net income in order to calculate the annual net profit.

Unless the Shareholders' Meeting resolves otherwise, the dividends shall be due for payment ten days after the Shareholders' Meeting. Subject to the conditions set out in Section 54a Stock Corporation Act, the Management Board, with the consent of the Supervisory Board, may pay out interim dividends. Dividend entitlements are subject to the standard three-year limitation period under Austrian law. Pursuant to the Articles of Association, dividends of shareholders of Erste Group Bank which are not collected for three years shall be forfeited in favour of the free reserves of Erste Group Bank.

### **General provisions on liquidation proceeds of shareholders of Erste Group Bank**

With the exception of liquidation as a result of insolvency proceedings, Erste Group Bank can only be liquidated by resolution of its Shareholders' Meeting. A liquidation resolution requires a majority of at least 75% of the share capital represented at the Shareholders' Meeting. In



this case, any assets remaining after the discharge of all of Erste Group Bank's liabilities and its supplementary capital will be distributed *pro rata* among the shareholders of Erste Group Bank and the holders of Participation Capital Securities, taking into account in particular certain creditor protection rules.

### **General provisions on subscription rights of shareholders of Erste Group Bank**

In principle, holders of shares have subscription rights (*Bezugsrechte*) allowing them to subscribe any newly issued shares (including securities convertible into shares, securities with warrants to purchase shares, securities with profit participation or participation certificates, including the Participation Capital Securities) to maintain their existing share in the share capital of Erste Group Bank. Such subscription rights are in proportion to the number of shares held by such shareholder prior to the issue of the new shares.

The aforementioned subscription rights will not apply if (i) the respective shareholder does not exercise its subscription rights, or (ii) the subscription rights are excluded by a resolution of the Shareholders' Meeting requiring a majority of at least 75% of the share capital represented at the Shareholders' Meeting (in case of an ordinary capital increase) or a resolution of the Management Board and the Supervisory Board (in case of the exercise of authorised or conditional capital, where the underlying resolution of the Shareholders' Meeting (subject to the aforementioned majority requirements) so provides). Exclusion of subscription rights also requires a report from the Management Board stating the grounds for such exclusion, which must demonstrate that Erste Group Bank's interest in excluding subscription rights outweighs the interest of the shareholders in being granted subscription rights.

Subscription rights may be replaced by intermediate subscription rights (*mittelbares Bezugsrecht*), if the new shares are subscribed by a credit institution (an underwriter) who undertakes to offer the new shares to the shareholders. The rights of the shareholders against such credit institutions are fully substituted for and are treated as subscription rights.

According to the Stock Corporation Act, the period for the exercise of the subscription rights may not be shorter than two weeks. The Management Board must publish the subscription price as well as the start and the duration of the subscription period in the official gazette section of the *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* as well as in other sources of information as set out in the Articles of Association. Subscription rights of shareholders can be freely transferred and may be traded within the subscription period.

### **General provisions on the squeeze-out/sellout, merger/demerger**

A shareholder or a group of shareholders with an aggregate shareholding of at least 90% (such limit may be altered by the articles of association, but has not been altered in the Articles of Association) of the share capital can squeeze-out the remaining shareholders pursuant to the Austrian Act on the Exclusion of Shareholders (*Gesellschafterausschlussgesetz*) against adequate cash compensation.

The squeeze-out right generally exists and is not limited to a preceding offer pursuant to the Takeover Act. The minority shareholders are, in principle, not entitled to block the squeeze-out, but have the right of separate judicial review of the fairness of the cash compensation paid. Where a squeeze-out follows an offer pursuant to the Takeover Act, the highest consideration offered in the takeover bid is presumed to be fair where, through the acceptance of the offer, the bidder has acquired shares representing at least 90% of the share capital conferring voting rights in the target company.

A shareholder or a group of shareholders with an aggregate shareholding of more than 10% of the share capital can block a resolution on an upstream merger pursuant to the Austrian Transformation Act (*Umwandlungsgesetz*) or for a demerger disproportionate to shareholdings pursuant to the Austrian Demerger Act (*Spaltungsgesetz*).

## **General provisions on the redemption, buy-back and conversion of shares**

Redemption of shares in Erste Group Bank is possible in the course of a decrease of the stated capital of Erste Group Bank resolved by the Shareholders' Meeting, or by a purchase by Erste Group Bank of its own shares.

A capital decrease requires a shareholders' resolution with a majority of at least 75% of the share capital represented at the Shareholders' Meeting.

Pursuant to the Stock Corporation Act, Erste Group Bank may acquire its own shares only in the following limited circumstances:

- Upon approval of the Shareholders' Meeting, for a period not exceeding 30 months and limited to a total of 10% of the share capital, as long as the shares are listed on a regulated market (such as the Official Market of the Vienna Stock Exchange), or if the shares are intended to be offered to Erste Group Bank employees or employees of certain affiliated companies, or for the purpose of trading in Erste Group Bank's own shares (the trading portfolio must not exceed 5% of Erste Group Bank's share capital at the close of any business day; the resolution must determine a minimum and a maximum consideration);
- In the case that the shares are acquired without payment of consideration or when acting as agent on a commission basis;
- To prevent substantial, immediately impending damage to Erste Group Bank (subject to the limitation of a total of 10% of the share capital);
- By way of universal succession (*i.e.*, succession by merger);
- For the purpose of indemnifying retail shareholders; and
- As part of a redemption of shares in accordance with the rules for capital decreases approved by the Shareholders' Meeting.

The shares can be converted into a different class of shares (*e.g.*, non-voting preferred shares), but only with the consent of the respective holder and, in case the conversion negatively affects other shareholders whose shares are not converted, the consent of such shareholders.

## **Share certificates/transferability**

The Articles of Association exclude the statutory right of shareholders to request individual share certificates. If share certificates or renewal coupons are nevertheless issued, their form and contents may be determined by the Management Board with the consent of the Supervisory Board. To the extent permitted by law, the shares may also be represented by global certificates.

The shares are freely transferable without the prior approval of the Management Board or the Supervisory Board. All of Erste Group Bank's shares are represented by global certificates deposited with the clearing system of OeKB. Title to all of Erste Group Bank's shares represented by global share certificates will therefore be transferred in accordance with the rules of that clearing system.

## **Regulation of Austrian, Czech and Romanian securities markets**

The summary of Austrian, Czech and Romania securities markets regulation set forth below is for general information only and contains certain significant issues of Austrian, Czech and Romanian securities markets regulation. The summary does not purport to be a comprehensive description of all the topics discussed below.

The Austrian securities markets are regulated by a number of acts, laws and regulations. The most important are the Stock Exchange Act and the Capital Markets Act as well as a number of regulations, such as Issuers' Compliance Regulation (*Emittenten-Compliance-Verordnung*) and the Publication Regulation (*Veröffentlichungs-Verordnung*), regulating the publication of, *inter*

*alia*, reports on the granting of stock options. In addition, the Takeover Act applies to the takeover of shares of listed companies.

The Czech securities market is regulated by a number of acts and implementing decrees. The most important are the Act No. 256/2004 Coll., the Czech Capital Markets Act (*zákon o podnikání na kapitálovém trhu*) and the Act No. 15/1998 Coll., on Supervision of the Capital Market (*zákon o dohledu v oblasti kapitálového trhu*). The Czech National Bank is the capital market supervisory authority.

The Romanian securities market is regulated by Law No. 297/2004 on capital markets ("Capital Markets Law" (*Legea nr. 297/2004 privind piața de capital*)), as amended and supplemented from time to time and the implementing regulations. The supervisory authority in Romania is the National Securities Commission (NSC (*Comisia Națională a Valoriilor Mobiliare*)) organised and regulated in accordance with the Capital Markets Law and the Government Emergency Ordinance No. 25/2002 on the statute of the NSC, as amended and supplemented from time to time.

## **Disclosure obligations**

### ***Ad-hoc publicity***

Under the Stock Exchange Act, Erste Group Bank is required to publish, without delay (*unverzüglich*), any detailed information not known to the public which concerns it or the shares directly or indirectly, and which would, if such information were publicly known, substantially influence the price of the Shares as a reasonable investor would likely use such information as the basis for its investment decision. Erste Group Bank is required to communicate any such information to its investors through an EU-wide electronic information dissemination system and to post such information on the company website. Erste Group Bank may delay publication of relevant information in order to prevent harm to it if it has a legitimate interest in not disclosing the information and if the confidentiality of such information is assured, but only if investors would not be misled or suffer any damages as a result of not disclosing the information. Erste Group Bank must inform the FMA if it decides to delay publication of relevant information. Prior to publishing relevant information, Erste Group Bank is required to communicate the information to the FMA and the Vienna Stock Exchange.

Similar obligations exist under the Czech Capital Markets Act and the Romanian Capital Markets Law.

Under the Czech Capital Markets Act, Erste Group Bank is required to post insider information (as defined below) which concerns it directly and notify the CNB.

If Erste Group Bank delays the publication of relevant information for legitimate reasons, provided that investors would not be misled as a result of not disclosing the information and Erste Group Bank is able to secure the confidentiality of such information, it must inform CNB and NSC, respectively.

Under the Romanian Capital Markets Law, even if Erste Group Bank decides to delay publication of relevant information, the NSC may oblige Erste Group Bank to publish such information in order to ensure the transparency and the integrity of the market.

### ***Changes in major shareholdings***

Under Sections 91 *et seq.* Austrian Stock Exchange Act, if natural persons or legal entities, directly or indirectly, acquire or sell shares in a stock corporation whose home member state (*Herkunftsmitgliedstaat*) is Austria and whose shares are admitted to trading on a regulated market (as is the case with Erste Group Bank and its shares, respectively), then these persons or entities are obliged to notify the FMA and the relevant stock exchange as well as the company, whose shares were acquired or sold, without undue delay (*unverzüglich*), at the latest within two trading days after the acquisition or disposal of a major shareholding. Such an event is deemed to exist if, as a consequence of the acquisition or disposal, the proportion of the

voting rights held reaches, exceeds or falls below 4%, 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 45%, 50%, 75% or 90%. The Austrian Stock Exchange Act allows that another threshold of 3% may be determined by the articles of association of the respective company whose shares were acquired or sold, but as no such determination has been made in Erste Group Bank's Articles of Association, the 3% threshold is not applicable in case of Erste Group Bank. The two trading days begin to run when the shareholder of a major shareholding gains, or should have gained, knowledge of the acquisition or sale. A listed company is obliged to publish any such event via an EU-wide electronically operated information distribution system within two trading days of being notified thereof and to simultaneously transmit such information via electronic data dissemination systems to the storage system (Issuer Information Centre Austria), which is operated by the OeKB. Any relevant information on changes in the shareholding structure must be published without delay. Failure to comply with these notification requirements may result to a certain extent in the suspension of the voting rights of the shares constituting the major shareholding after the relevant acquisition or disposal. There are no provisions in the Articles of Association governing the threshold above which shareholder ownership must be disclosed. Pursuant to Section 91a Austrian Stock Exchange Act, the above described principles apply accordingly where natural persons or legal entities, directly or indirectly, hold financial instruments or securities as defined under Section 91a Austrian Stock Exchange Act (which include, *inter alia*, cash or physically settled call options and other contracts that allow a person to participate economically in changes of the stock price of the shares of the relevant company).

Czech and Romanian law, respectively, also imposes notification requirements in respect of certain major shareholdings in companies listed on the Czech and Romanian stock exchanges and having their registered office in the Czech Republic or Romania, respectively. Since Erste Group Bank has its registered office in Austria, the notification requirements under Czech and Romanian law do not apply to Erste Group Bank or any of its shareholders.

### ***Management trading in shares***

Under the Austrian, Czech and Romanian law, persons involved in the decision making of an issuer of financial instruments (as is for example the case with the Management Board and the Supervisory Board members of Erste Group Bank), as well as persons related to them, must notify the relevant national financial supervisory authority (in Austria: the FMA, in the Czech Republic: the CNB, in Romania: the NSC) of any transactions conducted on their own account relating to such issuer's shares or interim share certificates, or to derivatives or other financial instruments linked to such shares or interim share certificates (under Austrian law via an EU-wide electronically operated information distribution system. In Austria and the Czech Republic, such obligation is only triggered if the aggregate value of the transactions of the respective manager or his/her related persons exceeds €5,000 per calendar year, respectively. The respective national regulator will publish such information without undue delay on its website.

### **Insider rules and market manipulation**

#### ***Austria***

Austrian law prohibits the abuse of insider information committed on Austrian territory or by Austrian citizens abroad with regard to financial instruments admitted to trading on a regulated market or traded on a multilateral trading facility in Austria.

Insider information is defined as detailed information not known to the public which concerns directly or indirectly one or more issuers of financial instruments, or one or more financial instruments, and which would, if it were publicly known, substantially influence the quoted value of such financial instruments or of derivatives linked to them. In other words, a reasonable investor would likely use such information as the basis for his investment decision.

An insider is any person who has access to inside information either due to his position as a member of the administrative, managing or supervisory body of an issuer or due to his

profession, occupation, responsibilities or shareholding. Any person who gains access to inside information by way of a criminal offence is also an insider.

Any insider who uses inside information with the intent to gain a pecuniary advantage for himself or a third party by buying or selling financial instruments or by offering or recommending such instruments to third parties, or who provides access to such information to third parties without being required to do so, is subject to a criminal penalty of up to three years imprisonment. If the financial advantage achieved exceeds €50,000, the penalty is between six months and five years imprisonment. If this criminal offence is performed by a person who is not an insider, but has information which has been made available to him, he is subject to a criminal penalty of up to one year imprisonment. If the financial advantage achieved exceeds €50,000, the penalty is up to three years imprisonment.

Market manipulation refers to transactions or trade orders which give, or are likely to give, false or misleading signals as to the supply of, demand for, or price of, financial instruments, or which secure, by a person, or persons acting in collaboration, the price of one or several financial instruments at an abnormal or artificial level, unless the person who entered into the transactions or issued the trade orders has legitimate reasons for doing so and these transactions or trade orders conform to accepted market practices on the regulated market concerned. Market manipulation also means transactions or trade orders which employ fictitious devices or any other form of deception or contrivance. Finally, market manipulation includes dissemination of information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to financial instruments, including the dissemination of rumours and false or misleading news, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading.

Market manipulation is subject to an administrative fine of up to €150,000, which may be imposed by the FMA.

Pursuant to the Stock Exchange Act, every issuer is obliged to inform its employees and other persons providing services to the issuer about the prohibition on the misuse of inside information, to issue internal directives for the communication of information within the company and to monitor compliance. Furthermore, issuers are obliged to take organisational measures to prevent the abuse of inside information or its disclosure to third parties. Erste Group Banks' Compliance Regulation regulates the measures to be taken by issuers in further detail (e.g., black-out periods). It requires any issuer whose securities are admitted to listing on the Official Market or the Semi-Official Market to issue a compliance directive (*Compliance-Richtlinie*). These compliance directives must be submitted to the FMA.

Issuers are required to establish a register of those persons working for them and who have access to compliance-relevant information (*Compliance-relevante Information*), whether on a regular or occasional basis. Issuers are also required to regularly update this register and transmit it to the FMA whenever requested.

### **Czech Republic**

Insider information is defined as accurate information not known to the public which concerns directly or indirectly a financial instrument, a financial instrument derived thereof, or the issuer of a financial instrument, or other facts significant for the quoted price, value or revenues thereof, and which would, if it were publicly known, substantially influence the quoted price of such financial instrument. A reasonable investor would likely use such information as the basis for an investment decision.

An insider is any person who obtains inside information either due to his employment, profession, position or shareholding or voting rights in the issuer or in relation to fulfilment of his obligations. Any person who gains access to inside information by way of a criminal offence is also an insider. A person who obtains inside information in another manner and is or should be aware that such information constitutes inside information is also an insider.



Czech criminal law prohibits the abuse of insider information on the Czech territory or by Czech citizens abroad. Any insider who uses inside information that is not yet public with the intention of gaining advantage for himself or a third party is subject to a criminal penalty of up to three years imprisonment. If the financial advantage achieved exceeds CZK500,000, the penalty is two to eight years imprisonment. If the financial advantage achieved exceeds CZK5.0 million, the penalty is five to ten years imprisonment. In addition, manipulation with quoted prices of financial instruments can be punished with six months to five years of imprisonment. If the financial advantage achieved exceeds CZK500,000, the penalty is two to eight years' imprisonment. If the financial advantage achieved exceeds CZK5.0 million, the penalty is three to ten years imprisonment.

Under the Czech Capital Markets Act, market manipulation means an act that may distort the view of participants of the capital market with respect to the value of, supply of or demand for, a financial instrument or its derivative. Market manipulation also means any other act that may distort the quoted price of a financial instrument or its derivative. Such act is not regarded as market manipulation if, *inter alia*, the person who entered into the transaction or issued the trade order can prove that it has a legitimate reason for doing so and the transaction or trade order conforms to accepted market practices on the regulated market concerned. Market manipulation is prohibited and is subject to an administrative fine of up to CZK20.0 million. The fine may be imposed by the CNB.

### **Romania**

Insider information is defined as accurate information not known to the public which concerns directly or indirectly a financial instrument, or the issuer of a financial instrument, and which would, if it were publicly known, substantially influence the quoted price of such financial instrument. A reasonable investor would likely use such information as the basis for an investment decision.

An insider is any person who obtains inside information either due to his employment, profession, position or shareholding in the issuer or in relation to fulfilment of his obligations. Any person who gains access to inside information by way of a criminal offence is also an insider. A person who obtains inside information in another manner and is or should be aware that such information constitutes inside information is also an insider.

Romanian criminal law prohibits the abuse of insider information on the Romanian territory or by Romanian citizens abroad. Any insider who uses inside information that is not yet public with the intention of trading, on his own account or on the account of a third party, a financial instrument is subject to a criminal penalty of up to five years imprisonment or a fine.

Under the Capital Markets Law, market manipulation means an act that may distort the view of participants of the capital market with respect to the value of, supply of or demand for, a financial instrument or its derivative. Market manipulation also means any other act that may distort the quoted price of a financial instrument or its derivative or the dissemination of information through the media, including the Internet, or by any other means, which gives, or is likely to give, false or misleading signals as to financial instruments, including the dissemination of rumours and false or misleading news, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading. Such act is not regarded as market manipulation if the person who entered into the transaction or issued the trade order has a legitimate reason for doing so and the transaction or trade order conforms to accepted market practices on the regulated market concerned. Market manipulation is prohibited and is a criminal offence and is subject to a criminal penalty of up to five years imprisonment or a fine.

### **General provisions with relevance for takeovers**

The Austrian Takeover Act (*Übernahmegesetz*) ("Takeover Act"), governs public offers for the acquisition of shares of Austrian stock companies whose shares are admitted to trading on a



regulated market of an Austrian stock exchange (as is the case with shares in Erste Group Bank).

Any public offer for the shares of a target company must be prepared in accordance with the formal requirements of the Takeover Act and be submitted to the Austrian Takeover Commission (*Übernahmekommission*) prior to its publication. Generally, an offeror must not disclose its intention to launch a public offer until it has notified the Takeover Commission. If, however, rumors of the offeror's intention lead to significant changes in the price of the target company's shares prior to notification of the Takeover Commission, an offeror is required to publish its intention to bid for the shares of the target company immediately and must submit the offering documents to the Takeover Commission within ten trading days following publication.

The Takeover Act differentiates between voluntary offers, mandatory offers and voluntary offers to gain control. Any person who acquires a controlling interest in a target company must notify this to the Austrian Takeover Commission and, within 20 trading days of acquiring the controlling interest, submit an offer document to the Austrian Takeover Commission for the mandatory offer to purchase the remaining shares in the target company, which must be made *vis-à-vis* all holders of ordinary shares in the target company unless an exemption from this obligation has been granted. Furthermore, every voluntary offer aiming at acquiring a controlling influence is statutorily under the condition precedent that the bidder acquires more than 50% of the outstanding shares with permanent voting power (voluntary offer to gain control).

Within the meaning of the Takeover Act, an interest is deemed to be "controlling", if it confers more than 30% of the voting rights in the target company. Acquisitions of less than 30% of the voting rights do not in any case trigger a mandatory offer (safe harbour). If the threshold of 30% is not exceeded, but a secured blocking minority (26%) is indeed exceeded, only 26% of the voting rights can be exercised unless the Austrian Takeover Commission—upon request—revokes the suspension of the voting rights. The Articles of Association have lowered the threshold for the presumption of a controlling interest leading to a mandatory offer to 20%.

What is referred to as "passive" acquisition of control (that is, where a shareholder acquires a controlling interest without recent actions of its own, e.g., as a result of the break-up of a controlling shareholder consortium) similarly does not trigger a mandatory offer provided the person acquiring control would not necessarily have been expecting to achieve control when the shares were acquired. However, such shareholder may only exercise 26% of his voting rights unless the Austrian Takeover Commission—upon request—revokes the suspension of the voting rights.

In addition, under certain circumstances, the extension of an existing controlling interest also triggers a mandatory offer (creeping-in): that is, a person with a controlling interest who does not have a majority of the voting rights of a listed company and acquires an additional 2% or more of the voting rights within a period of 12 months must make a mandatory offer.

The Articles of Association of a stock corporation can, *inter alia*, stipulate that during the takeover process certain restrictions on transfer and voting rights with respect to shares of the target company are not applicable (break through). The acquirer of an interest of at least 75% of the share capital of a stock corporation can call a shareholders' meeting within six months after a takeover process. If, in such a shareholders' meeting, a vote is taken on changes to the Articles of Association (in particular the abolition of transfer restrictions, voting right restrictions and delegation rights) or the recall or election of members of the supervisory board, restrictions on voting rights do not apply.

As a rule, the price for a voluntary public offer can be freely determined. The price for a mandatory offer and the voluntary offer to gain control (i) must be at least equal to the highest share price that the bidder or a legal entity acting jointly with the bidder has paid or agreed to pay during the last twelve months before publication of the offer, and (ii) must be

at least equal to the average stock exchange price weighted according to the respective trading volume during the preceding six months before the day, on which the intent to bid was pronounced. Under certain circumstances, an appropriate price is to be set for a mandatory offer.

A mandatory offer may include an alternative offer which provides exclusively for paying cash for the securities which are to be acquired. In addition, the bidder may also offer the person to whom the offer is directed an alternative choice of receiving other securities in exchange for the shares.

The offer document for voluntary offers and mandatory offers is to be examined by a qualified independent expert before the offer document is submitted to the Austrian Takeover Commission and delivered to the target company. The management board and the supervisory board of the target company must issue a statement on the offer immediately after the publication of the offer document.

As a rule, subsequent improvement of public offerings and the submission of competitive offers are permissible. Generally, the same rules that apply to the original offer also apply to improved or competitive offers.

After the bidder's intention of making an offer becomes known to the management board and the supervisory board of the target company, they require the consent of the shareholders' meeting for all measures which could hinder the offer or its success. This applies particularly to the issuance of securities through which the bidder could be prevented from acquiring control of the target company.

The bidder and all parties acting jointly with the bidder must refrain from acquiring securities of the target company at better terms than those provided for in the offer.

The acceptance period for an offering may not be less than two weeks and not more than ten weeks, calculated in each case from the date of the publication of the offering document. In certain instances, such as in the case of a mandatory offer, there is a follow-up period of three months after the publication of the results of the offering within which the offer can be accepted.

The Austrian Takeover Commission monitors compliance with the Takeover Act and is authorised to sanction violations of takeover regulations. In addition to other civil and administrative sanctions, violations of provisions of the Takeover Act may result in the suspension of the voting rights of the violator's shares. The Austrian Takeover Commission may also *ex officio* introduce proceedings and is not subject to supervision by any other authority.

Erste Group Bank believes that the issue of the New Shares will not lead to a mandatory offer. No takeover bids were made in respect of the Shares in the last three years prior to the date of the Prospectus.

The Czech and Romanian law provisions in relation to takeovers only apply to target companies with their registered office (seat) in the Czech Republic, to target companies formed under Czech law, or to target companies formed under Romanian law or admitted to trading only on a Romanian stock exchange, respectively, and consequently do not apply to Erste Group Bank.

## **Effective control**

There are no provisions in the Articles of Association that would have the effect of delaying, deferring or preventing a change of control over Erste Group Bank.

# Taxation

*The statements herein regarding certain tax issues in Austria, the Czech Republic, Romania and the United States are based on the laws in force in those jurisdictions as of the date of this Prospectus and are subject to any changes in such laws. The following summaries do not purport to be comprehensive descriptions of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the New Shares and further disclosure may be included in a supplement to this Prospectus. Offerees should consult their tax advisers as to the relevant tax consequences of the ownership and disposition of the New Shares.*

## **Austria**

The following selected aspects of taxation in Austria are of a general nature and do not purport to be an exhaustive account of the tax considerations relevant to the acquisition, ownership and disposal of shares in an Austrian corporation. In some cases different tax regime may apply. Further, this summary does not take into account the tax laws of any country other than Austria nor does it take into account any individual circumstances or any special tax treatment applicable to the holders of the New Shares.

The summary is based upon Austrian tax laws applicable as of the date of this Prospectus. The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect. It cannot be ruled out that the Austrian tax authorities adopt a view different from the outlined below. According to current legislation (*Budgetbegleitgesetz 2011, Abgabenänderungsgesetz 2011, Budgetbegleitgesetz 2012 and Abgabenänderungsgesetz 2012*), the taxation of investment income has been amended substantially. In relation to the new tax laws, there is currently neither case law nor a secure practice applied and as a result deviations may result from the factual implementations and practices, compared to the legal situation described here.

Prospective holders of the New Shares should consult their tax advisers as to the relevant tax consequences of the ownership and disposition of the New Shares.

In this analysis, Austrian legal concepts are expressed in English terms and not in the original German terms. The Austrian legal concepts concerned may not be identical to the concepts expressed in English terms. Therefore, this analysis may only be relied upon under the express condition that any issues of interpretation will be governed and construed solely in accordance with Austrian law as interpreted by the Austrian courts.

Tax considerations relevant to prospective holders of the New Shares which are subject to a special tax regime such as for example governmental authorities, charities, private foundations (*Privatstiftungen*) or investment or pension funds are not addressed herein.

### **General information**

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability (*unbeschränkte Einkommensteuerpflicht*)). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability (*beschränkte Einkommensteuerpflicht*)).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability (*unbeschränkte Körperschaftsteuerpflicht*)). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability (*beschränkte Körperschaftsteuerpflicht*)).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

## **Taxation of dividends**

### ***Resident individuals***

Dividends distributed by an Austrian corporation to its shareholders are subject to a withholding tax (*Kapitalertragsteuer*), levied at a rate of 25%. This tax is to be withheld by the distributing corporation and paid to the tax administration. The distributing corporation or the credit institution which paid out the dividends on behalf of the distributing corporation must issue a certificate providing the following information: total amount of the dividends, total amount of the withholding tax, payment date, the period for which the dividend was paid and the tax authority to which the withholding tax was paid.

For individuals (private and business assets) resident in Austria this 25% withholding tax is a final tax (*Endbesteuerung*), in other words, no income tax is levied over and above the amount withheld. Furthermore, the dividends do not have to be included in the shareholder's income tax return (*Einkommensteuererklärung*). Alternatively, upon request of the individual shareholder in his annual tax returns the appropriate progressive income tax rate will apply for dividends instead of the 25% final withholding tax. If this option for taxation at the appropriate progressive income tax rate is exercised, the progressive income tax rate will apply to the total annual investment income (all dividends and all interest income, all capital gains realized and total income received from derivatives); the option may not be exercised for single dividend or interest payments only (no cherry picking possible). In this case the dividends are taxed at the applicable progressive tax rate payable on the shareholder's total income and the Austrian withholding tax will be credited against the shareholder's personal income tax liability or, if higher, repaid. Expenses (including interest expenses) and costs (*Aufwendungen und Ausgaben*) which are directly connected with such investment income are not deductible.

### ***Resident corporations***

For corporations resident in Austria dividends derived from shares in an Austrian corporation are exempt from corporate income tax. The tax withheld by the distributing corporation is treated as corporate income tax prepayment and can be credited against the corporate income tax assessed on the level of the corporate shareholder.

No withholding obligation exists in the case of a direct or indirect participation of at least 10% of the share capital.

Apart from interest expenses for financing the acquisition of the shares expenses incurred by the shareholder corporation directly attributable to shareholding activities are not deductible for corporate income tax purposes.

### ***Non-residents***

For individuals and corporations not resident in Austria 25% withholding tax is levied subject, however, to applicable double taxation treaties and, in certain cases, the EU Parent/Subsidiary-Directive (2011/96/EU, as amended). This tax is to be withheld by the distributing corporation, unless an exemption or a reduction in the tax rate, as discussed below, applies.

The Republic of Austria has concluded double taxation treaties with more than 80 countries. Many of these treaties provide, so long as the shares are not attributable to an Austrian permanent establishment (*Betriebsstätte*), for maximum taxation in Austria generally at a rate of 15%, in which case any balance (amount of Austrian withholding tax exceeding the double tax treaty rate) will be refunded by the Austrian tax authorities upon request. In order to obtain a reduced rate under an applicable tax treaty, a shareholder not resident in Austria will generally have to provide a certificate of residence issued by the tax authorities of the shareholder's country of residence. Claims for refund of the Austrian withholding tax can be

made by using the form ZS RD 1 (in German) or ZS RE 1 (in English). The application form may be obtained from the Austrian Ministry of Finance.

Tax treaty relief from Austrian withholding tax may also be granted by the distributing corporation at source provided that the requirements of the Austrian relief at source rules are met. The relief from Austrian withholding taxes under double tax treaties is regulated in the Ordinance on DTC-Relief, Federal Gazette III No. 92/2005 as amended in the Federal Gazette II No. 44/2006. The distributing company is obliged to keep the necessary documents to provide evidence that the legal preconditions under the tax treaty are fulfilled. In order to obtain relief at source form ZS—QU 1 (for individuals) or ZS—QU 2 (for legal persons) has to be filled in by the recipient of the dividends. The distributing company fulfills the documentation requirements if form ZS—QU 1 or ZS—QU 2 is duly filled in by the recipient of the dividends, form ZS—QU 1 or ZS—QU 2 is certified by the foreign tax authority of the state of residence of the recipient, form ZS—QU 1 or ZS—QU 2 accompanied by additional documents if required according to a specific tax treaty and the form is finally handed over to the distributing company. Section 5 of the Ordinance on DTC-Relief specifies cases where no relief at source is available. Among these there are cases where the recipients are: pure holding companies, letterbox companies, foundations, trusts, investment funds, legal entities whose place of effective management is not in the state where the legal entity was founded, non-resident manpower leasing companies if no notice of exemption has been granted or the income consists of capital yields resulting from securities paid out by banks in their function of administering securities. However, an Austrian corporation is under no obligation to grant tax treaty relief at source.

Finally, under the Austrian provisions implementing the EU Parent/Subsidiary-Directive (2011/96/EU, as amended), there is a full exemption from withholding for dividends paid to qualifying EU corporations which have held an ownership interest in an Austrian corporation of at least 10% for one year or more.

In addition, a provision has recently been introduced into Austrian tax law enabling corporations resident in the EU as well as in the EEA (with the latter only if there exists an agreement on the mutual comprehensive administrative and enforcement assistance, at present only Norway) to claim a refund of Austrian withholding tax levied on dividend distributions made by Austrian corporations to the extent such Austrian withholding tax cannot be credited on the basis of applicable double taxation treaties in the state of residence of the recipient of the dividends.

## **Taxation of capital gains**

### ***Individual residents***

As already mentioned the taxation of investment income has been amended substantially. The current legislation applies to the taxation of capital gains realised in the hands of individual shareholders on the disposal of shareholdings acquired after 31 December, 2010 and disposed after 31 March, 2012.

Capital gains realised upon the sale (*Einkünfte aus realisierten Wertsteigerungen*) are subject to an income tax rate of 25%. Realised capital gains are, in general, the difference between (a) amount realised (e.g., the share proceeds, the redemption or other pay-off amount, or the firm market value in case of a deemed realisation) and (b) the acquisition costs.

Expenses and costs (*Aufwendungen und Ausgaben*) which are directly connected with income subject to the special tax rate of 25% are not deductible. For shares held as private assets, the acquisition costs shall not include ancillary acquisition costs (*Anschaffungsnebenkosten*). For the calculation of the acquisition costs of shares held within the same securities account and having the same securities identification number but which are acquired at different points in time, the floating average price (*gleitender Durchschnittspreis*) shall apply.



If an Austrian custodian (*inländische depotführende Stelle*) or an Austrian paying agent (*inländische auszahlende Stelle*) is involved and settles the realisation of the capital gains, the income tax will be deducted by applying a 25% withholding tax. The 25% withholding tax deduction will result in final income taxation (*Endbesteuerungswirkung*) for private holders of the New Shares (holding the shares as private assets) provided that the holders of the New Shares have evidenced the factual acquisition costs of the shares to the custodian. Certain exceptions may apply (in particular for holders of the New Shares whose regular personal income tax rate is lower than 25%, for more details, see below).

To the extent that no withholding tax deduction will be effected due to the lack of an Austrian paying agent and of an Austrian custodian, the investment income derived from the shares will have to be included in an income tax return in line with the provisions of the Austrian Income Tax Act. Such investment income will be also subject to income tax at a special rate of 25%. Expenses and costs (*Aufwendungen und Ausgaben*) which are directly connected with such investment income are also not deductible. For shares held as private assets, the acquisition costs shall not include ancillary acquisition costs (*Anschaffungsnebenkosten*).

Withdrawals (*Entnahmen*) and other transfers of shares from the securities account will be treated as disposals (sales) unless specific exemptions are fulfilled such as the transfer of the shares to a securities account owned by the same taxpayer (i) with the same Austrian bank, (ii) with another Austrian bank if the account holder has instructed the transferring bank to disclose the acquisition costs to the receiving bank or (iii) with a non-Austrian bank, if the account holder has instructed the transferring bank to transmit the pertaining information to the competent tax office or has himself notified the competent Austrian tax office within a month; or like a transfer without consideration to a securities account held by another taxpayer, if the fact that the transfer has been made without consideration has been evidenced to the securities account keeping agent or the agent has been instructed to inform the Austrian tax office thereof or if the taxpayer has himself notified the competent Austrian tax office within a month.

Alternatively, the individual shareholder may include the capital gains derived from the shares (together with other investment income subject to final taxation) in his regular annual tax assessment. If this option for taxation at appropriate progressive income tax rate is exercised, the progressive income tax rate will apply to the total annual investment income (all dividends and all interest income, all capital gains realised and total income received from derivatives); the option may not be exercised only for income derived from the shares (no cherry picking possible). In this case, the capital gains derived from the shares are taxed at the applicable progressive tax rate payable on the shareholder's total income and the Austrian withholding tax will be credited against the shareholder's personal income tax liability or, if higher, repaid. Expenses, including interest expenses, relating to the capital gains derived from the shares are not deductible. For shares held as private assets, the acquisition costs shall not include ancillary acquisition costs (*Anschaffungsnebenkosten*).

Capital losses on the disposal of shares can be offset against capital gains from the disposal of other shares and other assets (subject to the special flat income tax rate) in the same calendar year and against dividend income and interest income (except interest income from saving deposits at banks and certain income from private foundations) generated in the same calendar year. Capital losses from assets that qualify for the special flat income tax rate of 25% cannot be offset against income from assets which do not qualify for this 25% tax rate. According to the current provisions of the Austrian Income Tax Act for private investors exceeding losses cannot be carried forward in future years.

As of 1 January 2013, the loss off-setting will be conducted on an on-going basis by the custodian with respect to all income and losses that are realised in all custodian accounts managed by such custodian (implemented by *Abgabenänderungsgesetz 2012*).



Generally, the same rules apply regarding shares that are held as business assets by tax residents who are individuals. The most important differences are the following:

Income derived from the shares which are held as business assets will also be subject to the special tax rate of 25%, deducted by way of a withholding tax. However, realized capital gains, contrary to interest income, have to be included in the tax return; no final taxation applies. The tax withheld will be credited against the income tax.

For shares held as business assets, the acquisition costs shall also include ancillary acquisition costs (*Anschaffungsnebenkosten*).

Write-downs to the going-concern value and losses derived from the sale, redemption or other pay-off of shares held as business assets must primarily be set off against positive income from realised capital gains and write-ups of financial instruments and only half of the remaining loss may be set off or carried forward against any other income. Regarding shares held as a business asset the loss off-setting by the custodian does not apply.

### **Corporation residents**

For Austrian resident corporate holders of the New Shares gains realised on the disposal of the shares are generally subject to corporate income tax at the standard rate of 25%.

### **Non-residents**

For holders of the New Shares subject to limited (corporate) income tax liability, capital gains realised upon a sale are generally only taxable if the holder of the New Shares has, at any point in time during five years prior to the sale, held a participation of at least one percent or alternatively if the shares are attributed to an Austrian permanent establishment (*Betriebsstätte*). In this case, the special flat income tax rate of 25% generally also applies to capital gains realised in the hands of individual non-resident shareholders. Corporate holders of the New Shares with gains realised on the disposal of the shares are in this case subject to corporate income tax at the standard rate of 25%. Austrian taxation is also subject to applicable double taxation treaties and, in certain cases the EU Parent/Subsidiary-Directive (2011/96/EU, as amended). Except in the case of a permanent establishment, most Austrian double taxation treaties provide for an exemption of these capital gains.

Thus, non-resident holders of New Shares, if they receive capital gains on the disposal of the shares through a paying agent or custodian located in Austria, may avoid the application of Austrian withholding tax if they evidence their non-resident status *vis-à-vis* the Austrian entity obliged to deduct the Austrian withholding tax. The provision of evidence that the holders of the New Shares are not subject to Austrian withholding tax is the responsibility of the holders of the New Shares.

If any Austrian withholding tax is deducted by the agent, the tax withheld shall be refunded to the non-resident holders of the New Shares upon his application, which has to be filed with the competent Austrian tax authority within five calendar years following the date of the imposition of the withholding tax.

Where non-residents receive income from the New Shares as part of business income taxable in Austria (from a permanent establishment), they will, in general, be subject to the same tax treatment as resident holders of the New Shares.

### **Exit taxation**

If an Austrian resident individual holds shares as private property and Austria loses its taxation rights to other countries (for example, by transferring his/her residence outside of Austria), a capital gain is recognised amounting to the difference between the acquisition cost of the shares and their fair market value.

Upon request of such individual, taxation of the capital gain may be deferred, if such individual moves to a EU member state or an eligible member state of the EEA (at present only

Norway). The deferred income tax on capital gains shall then be levied upon actual disposal of the shares as well as upon transfer of the individual's residence for tax purposes to a state other than a EU member state or Norway.

Where the shares are held as business assets (*Betriebsvermögen*) by an Austrian tax resident individual or by a corporation subject to Austrian corporate income tax, there are also certain circumstances that can trigger exit taxation, especially if the shares are subject to transactions resulting in the loss of Austrian taxation rights.

Due to the complexity of the rules on exit taxation, professional advice should in particular be sought in all cases where there is a potential loss of taxation rights of Austria.

#### **Tax treaty between Austria and Switzerland**

On 1 January 2013 the Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets entered into force. The treaty provides that a Swiss paying agent has to withhold a withholding tax with the effect of final taxation corresponding to the Austrian income tax, amounting to 25%, on income and capital gains from assets booked with an account or deposit of such Swiss paying agent, if the relevant holder of such assets (*i.e.*, in general individuals on their own behalf and as beneficial owners of domiciliary companies) is tax resident in Austria. The following income and capital gains are subject to the withholding tax: interest income, dividends and capital gains. The treaty, however, does not apply to interest covered by the Agreement between the European Union and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss paying agent to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

#### **Tax treaty between Austria and Liechtenstein**

On 29 January 2013, the Republic of Austria and Liechtenstein signed the Treaty between the Republic of Austria and the Principality of Liechtenstein on Cooperation in the Areas of Taxation. The treaty needs to be ratified by both states. In general, the treaty between Austria and Liechtenstein corresponds to the already applicable tax treaty between the Republic of Austria and Switzerland, but has a broader scope. Shareholders should consult their tax advisers as to the relevant tax consequences of the ownership and disposition of shares under this treaty.

#### **Inheritance and gift tax**

Austria does not levy inheritance or gift tax (*Erbschafts- und Schenkungssteuer*). However, according to the Gift Notification Act 2008 (*Schenkungsmitteilungsgesetz 2008*), a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of €50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of €15,000 during a period of five years. Intentional violation of the notification obligation may lead to the levying of fines of up to 10% of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the shares may trigger income tax on the level of the transferor.

Special tax considerations relevant to gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are not addressed herein.

## Capital contribution tax

The issuance of equity by an Austrian corporation as defined in the Austrian Capital Transactions Tax Act (*Kapitalverkehrsteuergesetz*) is subject to capital contribution tax (*Gesellschaftsteuer*) amounting to 1% of the consideration. Such tax is levied on the issuing company.

## Czech Republic

### General

The following is a general discussion of certain Czech income tax considerations that may be relevant with respect to the acquisition, holding and disposal of the New Shares. It does not purport to be a complete description of all tax considerations that may be relevant to a decision to purchase, hold or dispose of the New Shares. Neither the individual circumstances, financial situation nor particular investment objectives of any prospective investor as purchaser or owner of the New Shares are taken into account for the purposes of this discussion. In particular, this summary does not address tax considerations applicable to investors that may be subject to special tax or accounting rules including, but without limitation to, (i) certain financial institutions; insurance companies; (iii) dealers or traders in securities; (iv) regulated investment companies; tax-exempt entities; (vi) persons that will hold the New Shares as part of a "hedging" or "conversion" transaction; and (vii) persons who will hold the New Shares through partnerships or other pass-through/tax transparent entities.

Except as otherwise expressly stated, the scope of this summary is restricted only to certain Czech income tax considerations of a legal and beneficial owner of the New Shares that (i) is considered to be a Czech resident for tax purposes; (ii) is fully eligible for the benefits under the Tax Convention (as defined below); (iii) does not hold the New Shares as part of the business property of a permanent establishment located outside the Czech Republic; (iv) does not own (directly, indirectly, or by attribution) 10% or more (by voting power) of the New Shares of Erste Group Bank and is not deemed to have a substantial or significant influence over Erste Group Bank for other reasons (a "Czech Shareholder"); and (v) does not have a permanent establishment in Austria. The Czech Shareholder can either be an individual who is generally subject to Czech personal income tax (a "Czech Individual Shareholder") or a person other than an individual that is generally subject to Czech corporate income tax (a "Czech Corporate Shareholder").

This summary is based on the tax laws of the Czech Republic and their prevailing interpretations, the practice of the Czech tax authorities, and the Tax Convention on Income and Capital concluded between the Czech Republic and Austria ("Tax Convention"), in each case as in effect and/or available on the date of this Prospectus. All of the foregoing is subject to change, which could apply retroactively and could affect the validity of the tax consequences described below.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be legal or tax advice to any particular Czech Shareholder or to any other prospective investor in the New Shares. Accordingly, potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the tax consequences under Czech law and practice of the Czech authorities, of subscribing for, purchasing, holding, selling or otherwise disposing of the New Shares in their own particular circumstances, by consulting their own tax advisers. Moreover, while this summary is considered to be a correct interpretation of existing Czech laws in force on the date of this Prospectus, no assurance can be given that courts or tax authorities responsible for the administration of such laws will agree with the interpretations or that retroactive or prospective changes in such laws will not occur.

## **Subscription Rights**

Receipt of the Subscription Rights by the existing Czech Shareholders will have no Czech tax consequences for the existing Czech Shareholders. Exercise or expiry of the Subscription Rights by the existing Czech Shareholders will also have no Czech tax consequences for the existing Czech Shareholders.

Provided that the Subscription Rights accorded to the existing Czech Shareholders under Austrian law will not be exercised by the existing Czech Shareholders for the purpose of subscribing for the New Shares, but will rather be transferred to prospective investors in the New Shares, any consideration received by the Czech Shareholders in respect of such transfer of the Subscription Rights will generally constitute taxable income for Czech income tax purposes. The specific tax treatment may arise which is dependent upon whether the Subscription Rights are transferred by a Czech Individual Shareholder or by a Czech Corporate Shareholder.

## **Holding of the New Shares**

### ***Dividends paid on the New Shares***

The dividends paid on the New Shares will be treated as income from an Austrian source, *i.e.*, as income from a source outside the Czech Republic.

The gross amount of dividends paid on the New Shares (before any amounts withheld in respect of Austrian taxes) received by a Czech Individual Shareholder will be taxed as ordinary income subject to personal income tax at a rate of 15% for the years 2013 and 2014 and 19% for 2015 and onwards (as currently provided for in law). However, dividends paid out of profits generated after 1 January 2015 will be exempt from Czech income tax. Subject to applicable restrictions and limitations that may vary depending on the circumstances of the Czech Individual Shareholder, Austrian taxes withheld at a rate not exceeding the rate provided for in the Tax Convention (10% of the gross amount of dividends) will be creditable against the Czech personal income tax liability of the Czech Individual Shareholder. As stated above, dividends paid out of profits generated after 1 January 2015 will be exempt from Czech income tax. This means that dividends would be subject to Austrian withholding taxes but because the dividends will be Czech tax exempt the Austrian withholding taxes will be a cost to the individual shareholder.

The gross amount of dividends paid on the New Shares (before any amounts withheld in respect of Austrian taxes) received by a Czech Corporate Shareholder will be included into a separate tax base of the Czech Corporate Shareholder and will be taxed at a flat tax rate of 15%. Subject to applicable restrictions and limitations that may vary depending on the circumstances of the Czech Corporate Shareholder, Austrian taxes withheld at a rate not exceeding the rate provided for in the Tax Convention (10% of the gross amount of dividends) will be creditable against the Czech corporate income tax liability of the Czech Corporate Shareholder.

Dividends paid on the New Shares to a Czech tax non-resident beneficial owner of the New Shares (a Non-Czech Shareholder) will not be subject to Czech income tax unless the Non-Czech Shareholder carries on business in the Czech Republic through a permanent establishment and the New Shares are effectively connected with such permanent establishment.

### ***Revaluation of the New Shares***

Most Czech Shareholders who are treated as accounting units within the meaning of the Czech accounting laws (an "Accounting Unit") and subject to Czech accounting standards for entrepreneurs (*e.g.*, most companies other than financial institutions; certain individuals engaged in active business) or to Czech accounting standards for financial institutions (*e.g.*, banks, insurance companies, etc.) who hold the New Shares for the purpose of trading will be required to revalue the New Shares to fair value for accounting purposes at the financial statements balance sheet day. Resulting revaluation differences would mostly be accounted for as income or cost in the profit and loss account. In such a case income is generally fully taxable

and the cost is generally tax deductible for Czech corporate/personal income tax purposes provided that the general conditions for tax deductibility are met.

## **Sale of the New Shares**

### ***Capital gains and losses***

Unless an exemption from tax will apply, a capital gain realised by a Czech Individual Shareholder upon the sale of the New Shares will be taxed as ordinary income of the Czech Individual Shareholder subject to personal income tax at a rate of 15%. The Czech parliament has already approved amendments to income tax law such that the rate of personal income tax will be increased to 19% starting from 1 January 2015. However, a capital gain derived by the Czech Individual Shareholder from the sale of the New Shares will be exempt from Czech personal income tax if (i) the New Shares are either held by the Czech Individual Shareholder for a period exceeding six consecutive months and the Czech Individual Shareholder's total direct share in the registered capital or voting rights of the Erste Group Bank has not exceeded 5% for more than 24 months prior to the sale of the New Shares, or the New Shares are held by the Czech Individual Shareholder for a period exceeding five years; and (ii) the New Shares will not form part of the business property of the Czech Individual Shareholder upon the sale and at any point of time prior to their sale. If the latter condition is not fulfilled, an exemption from tax may still apply under certain circumstances provided that the business activities of the Czech Individual Shareholder will be terminated. The six-month period referred to above will be increased to three years in respect of shares purchased on or after 1 January 2015. The exemption from income tax will then be applicable for any percentage stake of shareholding. In the case of a Czech Individual Shareholder who is an Accounting Unit subject to the Czech accounting standards for entrepreneurs and holds the New Shares in connection with his business activities, any loss upon the sale of the New Shares is generally considered tax deductible (in a similar way to a Czech Corporate Shareholder). In the case of a Czech Individual Shareholder who holds the New Shares with no relation to his business activities, the loss incurred upon the sale of the New Shares is generally treated as non-tax-deductible except when such loss is deducted against other taxable capital gains derived by the Czech Individual Shareholder from the sale of securities in a given taxable period (provided that such securities do not form part of the business property of the Czech Individual Shareholder on the date of their sale or an exemption from tax applies).

Capital gains realised by a Czech Corporate Shareholder upon the sale of the New Shares will be taxed as ordinary income of the Czech Corporate Shareholder subject to Czech corporate income tax at the rate of 19% in 2013. Any losses incurred by the Czech Corporate Shareholder upon the sale of the New Shares should generally be treated as tax deductible for corporate income tax purposes, provided that the general conditions for tax deductibility are met.

Any capital gain realised by a Non-Czech Shareholder upon the sale of the New Shares may be taxable in the Czech Republic only if the New Shares held by the Non-Czech Shareholder are sold to a Czech tax resident or to a permanent establishment of a Czech tax non-resident located in the Czech Republic. The consideration paid to the Non-Czech Shareholder in respect of such sale of the New Shares may be subject to securing tax in the Czech Republic as further outlined below. However, the majority of double tax treaties concluded by the Czech Republic generally eliminate the taxation of the capital gains derived from the sale of the New Shares in the Czech Republic provided that the New Shares will not form part of the business property of the Non-Czech Shareholder's permanent establishment in the Czech Republic.

### ***Securing tax***

In general, pursuant to Czech tax law, Czech tax residents, and Czech tax non-residents having a permanent establishment in the Czech Republic, to which the investment instruments are attributable are required, under their own responsibility, to withhold and to remit to the Czech tax authorities a 1% securing tax from the sale price when purchasing investment instruments, such as the New Shares, from a Czech tax non-resident, such as a Non-Czech Shareholder, who



is resident for tax purposes outside the EU or the EEA. This obligation can be eliminated under the double taxation treaty concluded between the Czech Republic and the country in which the Non-Czech Shareholder selling the New Shares is tax resident provided that all conditions for application of such treaty are satisfied.

### ***Czech withholding taxes***

The Czech Republic does not impose any withholding taxes, either directly or indirectly, on dividends that are paid on securities issued by a non-Czech tax resident corporation and this rule applies to the New Shares. This rule applies also where a foreign corporation issues shares which may be traded on the Prague Stock Exchange.

## **Romania**

### **General remarks**

Romanian tax law and procedures are at times unclear and not well developed on matters of taxation of securities-related income, being subject to frequent changes and interpretations. The local tax inspectors have considerable autonomy and may interpret tax rules inconsistently. Both the substantive provisions of Romanian tax law and the interpretation and application of those provisions by the Romanian tax and financial authorities may be subject to more rapid and unpredictable change than in jurisdictions with more developed capital markets.

The comments below are based on the Romanian tax legislation (mainly Law 571/2003 as amended and the related norms for application approved by Government Decision 44/2004 as amended, referred to as "domestic law" or the "Fiscal Code") in force as of the date hereof and they may be amended by changes envisaged to be made in Romanian law. They do not cover the Romanian withholding or procedural requirements applicable to taxes due from Romanian investors in the New Shares, nor the Romanian tax implications arising for any non-Romanian tax resident investors trading in the New Shares.

From a tax perspective, dividends are defined as being any distribution in cash or in kind made by a legal entity to a participant in the respective legal entity as a consequence of the ownership of shares/participation titles in such legal entity. According to the Romanian Company Law, dividends represent the share of profits distributed to each shareholder in proportion to their participation in the share capital of the company. Capital gains are not defined, as such, by the tax law. Under Romanian law, capital gains obtained by legal entities are subject to corporate profit tax, while capital gains obtained by individuals are subject to income tax, being taxed as investment income.

Romanian legal entities and legal entities having their registered address in Romania, incorporated according to the European legislation (other than microenterprises) are liable to pay corporate profit tax in Romania on their worldwide taxable profits. The tax rate is currently 16%. Fiscal losses can be carried forward for seven consecutive fiscal years starting with fiscal losses incurred in 2009.

Romanian tax resident individuals (*i.e.*, Romanian citizens with their domicile in Romania and non-residents fulfilling certain residency criteria provided by the Fiscal Code) are subject to 16% income tax on their worldwide income, including dividends and capital gains. Annual tax losses incurred in relation to the transfer of securities, other than those related to closed (non-listed) companies, can be recovered by Romanian individual tax residents from the annual net gains obtained in the following seven consecutive fiscal years. Foreign annual tax losses incurred by Romanian resident individuals from the transfer of securities, other than those related to closed companies, may be reported and offset against incomes having the same nature and source and obtained from the same source-country, registered in the following seven consecutive years.



## **Receipt, exercise and lapse of Subscription Rights**

In principle, the receipt and lapse of Subscription Rights by the Shareholders or holders of Subscription Rights would not have any Romanian tax implications.

At the moment the Subscription Rights are exercised and New Shares are acquired by investors, no Romanian tax implications would normally arise for the investors. Presented below are the Romanian tax implications arising further to holding or disposing of such New Shares or any other shares in Erste Group Bank.

## **Holding of shares in Erste Group Bank**

### ***Dividends paid on the New Shares***

Dividend income received by a Romanian legal entity from holding shares in Erste Group Bank is included in the taxable profits of the Romanian legal entity and thus, is subject to Romanian corporate profit tax at a rate of 16%.

If any withholding tax is retained in Austria on such payments qualifying as dividends under Romanian law, a tax credit may be available to the Romanian legal entity, within the limit of the Romanian corporate profit tax rate (*i.e.*, 16%) applied on the taxable income received from Austria.

Dividend income received by Romanian individuals from holding shares in Erste Group Bank is subject to 16% Romanian income tax. If any withholding tax is retained in Austria on such dividend payments, a tax credit may be available to the Romanian individual that holds the shares, within the limit established by applying the domestic income tax rate (*i.e.*, 16%) to the taxable income received from Austria. Under Romanian law, there is no obligation for the foreign issuer of shares to withhold the related tax on dividends that are paid to the Romanian legal entities or individuals holding the shares. Such tax shall have to be reported and paid by the respective Romanian legal entities or individuals.

Under the current Austrian-Romanian Double Tax Treaty, gross dividends received by a Romanian tax resident with respect to participation titles in an Austrian tax resident legal entity may be taxed in Austria at a maximum rate of 5% of the gross amount of dividends (unless the Romanian tax resident is the actual beneficiary of the dividends and a company, other than a partnership, that holds directly at least 25% of the capital of the Austrian tax resident, case in which the withholding tax would be reduced to 0%).

For the purpose of the Combined Offering it was assumed that the European Parent Subsidiary Directive does not apply to any dividends on the Shares.

Dividends distributed or paid by a Romanian legal entity to its shareholders are subject to tax on dividends at a rate of 16%, which has to be computed, withheld and paid by the Romanian legal entity distributing the dividends. No withholding tax applies if the beneficiary of the dividends is a Romanian legal entity that holds at least 10% of the participation title of the Romanian legal entity distributing the dividends for at least two years completed on the payment date. In case dividends are distributed or paid to a non-resident and a more favorable tax rate under a relevant double tax treaty applies to such dividends, the non-resident has to provide the Romanian legal entity distributing the dividends with a tax residency certificate issued by the relevant authority in the state of residence of the non-resident in order to benefit of the more favorable tax rate.

### ***Revaluation of the New Shares***

The Romanian accounting legislation provides that long-term securities (*e.g.*, New Shares held for the long term) shall be valued at their historical cost less possible adjustments for losses in their value. Short-term securities (*e.g.*, New Shares held for the short term) allowed to be traded on a regulated market shall be valued at their listing value valid on the last transaction day, while those which are not traded on a regulated market shall be valued at historical cost, less possible adjustments for value losses.

The potential decrease in the value of such News Shares is included in the corporate profit tax computation and treated as deductible expense.

### **Sale of the New Shares**

#### ***Capital gains and losses***

Any capital gains derived by Romanian legal entities upon transfer of the New Shares are subject to Romanian corporate profit tax at a rate of 16%. Capital gains are determined as the difference between the selling price and the initial acquisition price, including any commissions, taxes or other amounts paid upon the acquisition of the respective securities.

Any losses incurred by Romanian legal entities upon transfer of the New Shares should be, in principle, tax deductible for corporate profit tax purposes.

Under current Romanian legislation, capital gains obtained by Romanian individuals from the sale of any securities are deemed to be taxable investment income. Under the definition of "securities" (*titluri de valoare*) as per the Fiscal Code corroborated with the Romanian capital markets legislation (namely Law 297/2004 as amended), shares issued by legal entities and other equivalent securities traded on the capital market, are included in the category of "securities" and thus taxable in Romania as per the rules applicable to securities. Capital gains are computed as the difference between the selling price and the acquisition price of the securities, including any other commissions, taxes or other amounts paid upon the acquisition of the respective securities.

Capital gains obtained by Romanian resident individuals from the transfer of the New Shares are subject to 16% income tax in Romania and may be subject to a 5.5% health insurance contribution in case the Romanian resident individuals do not obtain other incomes provided by the Fiscal Code. The obligation to compute, withhold and pay the 16% capital gains tax to the Romanian State Budget lies with the acquirer of the New Shares, whereas the obligation to pay the health insurance contributions lies with the Romanian resident individual.

In order to fulfil such obligations, the non-resident buyer shall appoint a fiscal representative or an empowered person, according to the Romanian law.

#### ***Inheritance and gift tax***

No Romanian inheritance or gift tax generally applies in relation to the sale of the New Shares. If the New Shares are granted free of charge to a Romanian tax resident individual by an employer, the value of the gift may be subject to Romanian income tax (at a rate of 16%) and to social security contributions as benefits in-kind.

### **Certain United States federal income tax consequences**

#### **Circular 230 Disclosure**

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE U.S. INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE MARKETING BY ERSTE GROUP BANK OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain U.S. federal income tax consequences relevant to the receipt, exercise, disposition or expiration of the Subscription Rights in connection with the Rights Offering and the ownership and disposition of New Shares. This discussion is not a complete analysis of all the potential U.S. federal income tax consequences relating to the ownership and disposition of Subscription Rights or New Shares, nor does it address any tax

consequences arising under any state, local or non-U.S. tax laws or any other U.S. federal tax laws. This discussion is based on the Internal Revenue Code of 1986, as amended (“Code”), Treasury Regulations promulgated or proposed thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service (“IRS”), all as of the date of this Prospectus. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences discussed below, or that any such contrary position would not be sustained by a court.

The discussion applies only if an investor will hold Subscription Rights or New Shares as capital assets within the meaning of section 1221 of the Code (generally, property held for investment) and that investor uses the U.S. dollar as its functional currency. This discussion does not address all U.S. federal income tax considerations that may be relevant to a particular investor in light of that investor’s particular circumstances, including the impact of the unearned income Medicare contribution tax. This discussion also does not consider any specific facts or circumstances that may be relevant to investors subject to special rules under the U.S. federal income tax laws, including, without limitation, grantor trusts, real estate investment trusts, regulated investment companies, brokers or dealers in securities, traders in securities or currencies that elect to use a mark-to-market method of recording for their securities holdings, financial institutions, insurance companies, tax-exempt entities, investors liable for alternative minimum tax, holders (either actually or constructively) of 10% or more of Erste Group Bank’s ordinary shares, or persons holding New Shares as part of a hedging, straddle, conversion or constructive sale transaction. In addition, investors holding Subscription Rights or New Shares indirectly through entities treated as partnerships for U.S. federal income tax purposes are subject to special rules not discussed below.

Investors should consult their tax advisors about the U.S. federal, state and local and non-U.S. tax consequences to them of the receipt, exercise, expiration or disposition of Subscription Rights and the ownership and disposition of New Shares.

The discussion below (other than the discussion under “—*Foreign Account Tax Compliance Act*”) applies to an investor only if the investor is a beneficial owner of Subscription Rights or New Shares and is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation or any other entity treated as a corporation that is organized in or under the laws of the United States, any state thereof or the District of Columbia, (3) a trust if all of the trust’s substantial decisions are subject to the control of one or more U.S. persons and the primary supervision of the trust is subject to a U.S. court or if a valid election is in effect with respect to the trust to be taxed as a U.S. person or (4) an estate the income of which is subject to U.S. federal income taxation regardless of its source (in each case, a “U.S. holder”).

### ***Subscription Rights***

This discussion assumes, and Erste Group Bank intends to take the position (to the extent it is required to take a position) that, the Subscription Rights do not have any value. Accordingly, a U.S. holder will not recognise any income, gain or loss as a result of the receipt, exercise or expiration of the Subscription Rights and will have a tax basis in any New Shares received upon the exercise of Subscription Rights equal to the Offer Price paid therefor. The holding period of the New Shares should begin on the date of the exercise. If this assumption is not correct, the U.S. federal income tax consequences to U.S. holders of the Rights Offering could be materially different than those discussed below. If a U.S. holder sells the Subscription Rights for consideration, the U.S. holder will recognise gain in an amount equal to such consideration. The gain will be capital gain and long-term capital gain if the U.S. holder’s holding period for the Subscription Rights (which will include the holding period for the underlying shares) exceeds one year. Such U.S. holder may also recognise foreign currency gain.

### ***Distributions***

Subject to the passive foreign investment company rules discussed below under the caption "Passive foreign investment company status", the amount of distributions paid with respect to the New Shares generally will be included in a U.S. holder's gross income as ordinary dividend income from foreign sources to the extent paid out of Erste Group Bank's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes). Distributions in excess of such earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. holder's adjusted tax basis in the New Shares and thereafter as capital gain. However, Erste Group Bank does not intend to calculate its earnings and profits under U.S. federal income tax principles. Therefore, a U.S. holder should expect that any distribution made by Erste Group Bank to such U.S. holder will be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other U.S. corporations. The amount of any dividend paid in non-U.S. currency will be the U.S. dollar value of the dividend payment based on the exchange rate in effect on the date of distribution, whether or not the payment is converted into U.S. dollars at that time. A U.S. holder's tax basis in the non-U.S. currency received will equal such U.S. dollar amount. Gain or loss, if any, recognised on a subsequent sale or conversion of the non-U.S. currency will be U.S. source ordinary income or loss.

With respect to certain non-corporate U.S. holders, including individual U.S. holders, dividends generally will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) Erste Group Bank is eligible for benefits of a qualifying income tax treaty with the United States, (2) Erste Group Bank is not a passive foreign investment company (as discussed below) for either the taxable year in which the dividend is paid or the preceding taxable year and (3) certain holding period requirements are met.

Subject to certain limitations, Austrian taxes withheld from a distribution generally will be eligible for credit against the U.S. holder's U.S. federal income tax liability. If a refund of the tax withheld is available to a U.S. holder under the laws of Austria or under the income tax treaty between the United States and the Republic of Austria, the amount of tax withheld that is refundable will not be eligible for such credit against the U.S. holder's U.S. federal income tax liability. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation generally will be limited to the gross amount of the dividend, multiplied by the reduced tax rate applicable to qualified dividend income and divided by the highest tax rate normally applicable to dividends. The limitation on non-U.S. taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed with respect to New Shares will be "passive category income" or, in the case of certain U.S. holders, "general category income".

The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances. If a U.S. holder does not elect to claim a foreign tax credit with respect to any non-U.S. taxes for a given taxable year, such U.S. holder generally may instead claim an itemised deduction for all non-U.S. taxes paid in that taxable year.

### ***Sale or other taxable disposition of New Shares***

Subject to the passive foreign investment company rules discussed below under the caption "Passive foreign investment company status", a U.S. holder generally will recognise capital gain or loss on the sale or other taxable disposition of the New Shares equal to the difference between the amount realised on the sale or other taxable disposition and the U.S. holder's adjusted tax basis in the New Shares. Such gain or loss will generally be treated as arising from U.S. sources for foreign tax credit limitation purposes.

The amount realised on a sale or other taxable disposition of New Shares generally will be an amount equal to the amount of cash the U.S. holder receives in exchange for such New Shares plus the fair market value of any other property. If the cash consideration the U.S. holder receives for the New Shares is paid in non-U.S. currency, the amount realised will be based on the U.S. dollar value of the non-U.S. currency received. Generally, so long as the New Shares are treated as traded on an “established securities market” and the U.S. holder is a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, the U.S. holder will determine the U.S. dollar value of the amount realised in a non-U.S. currency by translating the amount received at the spot rate of exchange on the settlement date of the sale or other taxable disposition. An accrual basis taxpayer that does not make this election generally will use the spot rate of exchange on the trade date of the sale or other taxable disposition. This election available to accrual basis taxpayers must be applied consistently to all debt instruments held by the taxpayer and cannot be changed without the consent of the IRS.

A U.S. holder’s tax basis in any non-U.S. currency the U.S. holder receives on the sale or other taxable disposition of New Shares will be equal to the U.S. dollar amount that the U.S. holder realised on the sale or taxable disposition. Any gain or loss the U.S. holder realises on a subsequent conversion of any such non-U.S. currency generally will be U.S. source ordinary income or loss.

#### ***Passive foreign investment company status***

A non-U.S. corporation is a passive foreign investment company (a “PFIC”) in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the value of its assets (based on a quarterly average) is attributable to assets that produce or are held to produce passive income. In the PFIC determination, Erste Group Bank will be treated as owning its proportionate share of the assets and earning its proportionate share of the income of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock. Based on its asset composition, income and operations and on proposed U.S. Treasury regulations governing the application of the PFIC rules to non-U.S. banks, Erste Group Bank believes it was not a PFIC for the taxable year ended 31 December 2012 and it does not expect that it will be considered a PFIC for its current taxable year ending on 31 December 2013 or in the foreseeable future. However, there can be no assurance that the proposed regulations will be finalised in their current form, and the manner of the application of the proposed regulations is not entirely clear. Accordingly, and since PFIC status is determined based on the asset value and the income earned throughout the year, and the value of Erste Group Bank’s assets may be determined in large part by its market capitalisation, which may fluctuate significantly, there can be no assurances that Erste Group Bank will not be a PFIC for the current year. Furthermore, even if Erste Group Bank is not a PFIC for the current year, there is no assurance that it will not become a PFIC in the future.

If Erste Group Bank were a PFIC for any taxable year in which a U.S. holder held New Shares, the U.S. holder generally would be subject to special rules with respect to:

- any gain realised on the sale or other disposition (including a pledge) of New Shares; and
- any “excess distribution” made to the U.S. holder (generally, any distributions to the U.S. holder in respect of New Shares during a single taxable year that are greater than 125% of the average annual distributions received by the U.S. holder in respect of New Shares during the three preceding taxable years or, if shorter, the U.S. holder’s holding period for New Shares).

Under these rules:

- the gain or excess distribution would be allocated ratably over the U.S. holder’s holding period for New Shares;



- the amount allocated to the taxable year in which the gain or excess distribution was realised and any year before Erste Group Bank became a PFIC would be taxable as ordinary income;
- the amount allocated to each other year, would be subject to tax at the highest applicable marginal tax rate in effect for each such year; and
- an interest charge would be imposed as compensation for the deemed benefit for the deferred payment of the tax attributable to each year during the U.S. holder's holding period in which Erste Group Bank was a PFIC prior to the taxable year in which the gain or excess distribution was realised.

If Erste Group Bank were to be a PFIC and if any of its subsidiaries were also PFICs, a U.S. holder would be subject to the PFIC rules with respect to such holder's indirect interest in such subsidiary PFICs. However, the mark-to-market election (discussed below) generally would not be available with respect to such subsidiaries. U.S. holders should consult their tax advisors concerning the application of the PFIC rules to any entities in which Erste Group Bank invests.

For the purpose of the rules discussed above, the holding period of a New Share acquired through the exercise of a Subscription Right will include the holding period of the Subscription Right, which may include the holding period for the existing ordinary shares with respect to which the Subscription Rights are distributed. If Erste Group Bank is a PFIC for any year during which a U.S. holder holds the New Shares, Erste Group Bank generally will continue to be treated as a PFIC with respect to the U.S. holder for all succeeding years during which it holds the New Shares. If Erste Group Bank ceases to be a PFIC, a U.S. holder may avoid some of the adverse effects of the PFIC regime by making a deemed sale election with respect to the New Shares. If Erste Group Bank were to be treated as a PFIC, it does not intend to provide information necessary for a U.S. holder to make a "qualified electing fund" election as such term is defined in the relevant provisions of the Code. A U.S. holder should consult its tax advisors about the consequences of Erste Group Bank's classification as a PFIC.

As an alternative to the special rules described above, holders of "marketable stock" in a PFIC may elect mark-to-market treatment with respect to their Shares. New Shares will not be considered marketable stock unless the New Shares are "regularly traded" on a "qualified exchange or other market" (as such terms are defined in applicable U.S. Treasury regulations). If the mark-to-market election is available and a U.S. holder elects mark-to-market treatment the U.S. holder will, in general, include as ordinary income each year an amount equal to the increase in value of its New Shares for that year (measured at the close of the U.S. holder's taxable year) and will generally be allowed a deduction for any decrease in the value of its New Shares for the year, but only to the extent of previously included mark-to-market income. The U.S. holder's basis in the New Shares will be adjusted to reflect any such income or loss amounts. In addition, any gain realised on the actual sale or other disposition of the New Shares will be treated as ordinary income, and any loss realised on the actual sale or other disposition of the New Shares will be treated as an ordinary loss, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included with respect to such New Shares.

If a U.S. holder owns New Shares during any year in which Erste Group Bank is a PFIC, the U.S. holder is required to make an annual return on IRS Form 8621 regarding distributions received with respect to New Shares and any gain realised on the disposition of the U.S. holder's New Shares.

#### ***Information reporting and backup withholding***

In general, information reporting requirements may apply to dividends paid in respect of New Shares or the proceeds received on the sale or exchange of the New Shares within the United States or by a broker with certain U.S. connections. Backup withholding may apply to payments to a U.S. holder of dividends or the proceeds of a sale or other disposition of New Shares if the U.S. holder fails to provide an accurate taxpayer identification number (certified on IRS



Form W-9) or certify that the U.S. holder is not subject to backup withholding, or otherwise fails to comply with the applicable requirements of backup withholding. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and a refund of any excess amount withheld under the backup withholding rules may be obtained by filing the appropriate claim for refund with the IRS and furnishing any required information.

Depending on the facts, it may be possible that a U.S. holder that acquires the New Shares upon the exercise of Subscription Rights may be required to file a Form 926 or a similar form with the IRS. A U.S. holder should consult its tax own adviser regarding the applicability of this requirement.

#### ***Additional reporting requirements***

Certain U.S. holders who are individuals may be required to report information relating to an interest in the New Shares, subject to certain exceptions (including an exception for New Shares held in accounts maintained by certain U.S. financial institutions). U.S. holders should consult their tax advisors regarding the effect, if any, of this legislation on their ownership and disposition of the New Shares.

#### ***Foreign Account Tax Compliance Account***

FATCA imposes a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any FFI that (i) does not become a "Participating FFI" by entering into an agreement with the U.S. Treasury Department to provide certain information in respect of its account holders and (ii) is not otherwise exempt from or in deemed-compliance with FATCA. The new withholding regime will be phased in beginning in 2014 for payments received from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 2017. For this purpose, an FFI in an IGA signatory country may be treated as a "Reporting FI" not subject to FATCA withholding on any payments it receives. A Reporting FI would be required to report certain information in respect of its account holders to its home government. As of the date of this Prospectus, Austria is not an IGA signatory country.

If Erste Group Bank does not become a Participating FFI or a Reporting FI, and is not treated as otherwise exempt from or in deemed-compliance with FATCA, Erste Group Bank may be subject to FATCA withholding on payments received from U.S. sources, Participating FFIs, and, potentially, Reporting FIs. Any such withholding imposed on payments received by the Erste Group Bank may have a material adverse effect on the Erste Group Bank's business, prospects, results of operations and financial position. Erste Group Bank intends to become a Participating FFI, until such time, if ever, that it qualifies as a Reporting FI.

If Erste Group Bank becomes a Participating FFI or a Reporting FI, it may be required to apply FATCA withholding on foreign passthru payments (yet to be defined) it makes to holders of New Shares that are not compliant with FATCA or that do not provide the necessary information, consents or documentation. If an amount in respect of FATCA withholding were to be deducted or withheld on any payments made by the Erste Group Bank, neither the Erste Group Bank nor any other person will pay additional amounts as a result of the deduction or withholding of such tax. If any FATCA withholding is imposed on payments made with respect to the New Shares, a beneficial owner of any such New Shares, may be able to obtain a refund if certain conditions are met.

Prospective investors should consult their tax advisors regarding the application of FATCA to the Erste Group Bank and to payments they may receive in connection with the New Shares.

# The Vienna Stock Exchange

The information relating to the Vienna Stock Exchange set out below is derived from information obtained from the Vienna Stock Exchange, in particular from the website of the Vienna Stock Exchange ([www.wienerborse.at](http://www.wienerborse.at)), the annual report of 2012 and monthly statistics from 30 April 2013, and the annual report of the FMA. The website of the Vienna Stock Exchange ([www.wienerborse.at](http://www.wienerborse.at)) contains further information about the Vienna Stock Exchange as well as a range of special services, such as quotations and ad-hoc information about the companies listed on the Vienna Stock Exchange. The information contained in the Vienna Stock Exchange website is not part of or incorporated by reference into this Prospectus.

## Overview

The Vienna Stock Exchange is operated by an independent, privately owned stock corporation, the Wiener Börse AG, based on a license under the Stock Exchange Act. In addition to a securities exchange, Wiener Börse AG also operates a multilateral trading facility (MTF) and a commodities exchange.

The Vienna Stock Exchange is supervised by the FMA. As the market and stock exchange supervisory authority, the FMA is responsible, in particular, for supervision of the reporting requirements for reportable instruments in accordance with the Securities Supervision Act, the supervision of market participants and the clarification and investigation of infringements against the prohibition of insider trading and the prohibition of market manipulation, the monitoring of securities analyses concerning the issue and dissemination of recommendations in Austria, the regularity and fairness of securities trading, the clarification and investigation of price manipulation, stock exchange supervision in compliance with the Stock Exchange Act and the monitoring of issuers and shareholders with respect to their duties of publication.

The FMA is responsible for the supervision of the lawfulness of resolutions of the executive bodies of the stock exchange operator. For that purpose, it uses the stock exchange commissioner (*Börsekommissär*). The stock exchange commissioner and his deputy are appointed by the Federal Minister of Finance, but act on behalf of the FMA and are bound by the instructions of the FMA, as the competent supervisory authority. The stock exchange commissioner (at present one stock exchange commissioner and two deputies) is to be invited to all important meetings of the stock exchange operator. He or she monitors Wiener Börse AG as well as the Vienna Stock Exchange, reviews the resolutions of the executive bodies of Wiener Börse AG with respect to their lawfulness and has the duty to veto unlawful resolutions.

## The markets of the Vienna Stock Exchange

According to the Stock Exchange Act, for listing purposes the Austrian securities market consists of two statutory markets: the Official Market (*Amtlicher Handel*) and the Second Regulated Market (*Geregelter Freiverkehr*). Classification according to the type of admission is used as the criterion for admission and classification in the individual market or trading segments: Prime Market, Mid Market, Standard Market Continuous, Standard Market Auction.

The Unregulated Third Market that existed prior to the entry into force of Securities Supervision Act has been operated by the Wiener Börse AG since 1 November 2007, in the form of a multilateral trading facility within the meaning of Securities Supervision Act. A multilateral trading facility is not a regulated market under the Stock Exchange Act. It is a trading facility operated on the basis of a license from the FMA according to the provisions of Securities Supervision Act. However, on the basis of a special FMA approval, the operator of a regulated market is entitled to operate a multilateral trading facility. Participation takes place on the basis of the operator's own general terms and conditions of business, the "Terms and conditions for operation of the Third Market".

Both the Official Market and the Second Regulated Market of the Vienna Stock Exchange have been recognised as regulated markets pursuant to the Directive 2004/39/EC on markets in financial instruments (MiFID). The criminal offence of “misuse of insider information” and the administrative offence of “market manipulation” are also applicable to multilateral trading facilities. In December 2004, the U.S. Securities and Exchange Commission granted the Vienna Stock Exchange the status of a “Designated Offshore Securities Market” in accordance with the Securities Act.

Certain listing criteria set out by the Stock Exchange Act and—in the Prime Market trading segment—certain non-statutory criteria set out by the Vienna Stock Exchange must be met for the shares of a company to be listed and traded on the Vienna Stock Exchange. Securities that meet the relevant criteria are admitted to trading on the Vienna Stock Exchange and included in the appropriate trading segment.

The Prime Market segment represents the highest-ranking stock market segment of the Vienna Stock Exchange. To be admitted to the Prime Market a company must fulfil the criteria set out by the Stock Exchange Act and, in addition, must contractually commit to fulfilling the more stringent transparency, quality and publication requirements of the “Prime Market Rules”.

The Standard Market Continuous and Standard Market Auction stock market segments contain all stocks admitted to listing on the Official Market or Second Regulated Market that do not meet the criteria for admission to the Prime Market, except those included in the Mid Market. Shares listed on the Standard Market Continuous are traded continuously, whereas shares listed on the Standard Market Auction are traded only once a day in the intraday auction.

The Mid Market segment comprises shares that are admitted to listing on the Official Market or the Second Regulated Market or shares that are traded on the Third Market and do not meet all of the listing criteria required for trading in the Prime Market but do meet certain non-statutory listing criteria in addition to those set out in the Stock Exchange Act. Shares listed on the Mid Market are either traded continuously or once a day; the Mid Market segment is, therefore, divided into the Mid Market continuous and the Mid Market auction.

To provide sufficient liquidity, shares traded on the Prime Market segment must be serviced by a specialist trader who has agreed to place firm quotes on a permanent basis. In this segment, additional liquidity providers other than the designated specialists are permitted to act as market makers, who also place firm quotes on a permanent basis.

The Shares are presently admitted to listing on the Official Market and traded in the Prime Market segment of the Vienna Stock Exchange.

## **Trading and settlement**

Shares and other equity securities listed on the Vienna Stock Exchange are quoted in Euro per share. Officially listed shares are traded on the Vienna Stock Exchange and OTC (over-the-counter).

The electronic trading system used by the Vienna Stock Exchange is XETRA (Exchange Electronic Trading). XETRA is the electronic trading system of Deutsche Börse AG. By this electronic system, all market participants have the same access to the trading on the Vienna Stock Exchange regardless of their location.

The settlement of the transactions concluded on the stock exchange takes place outside the stock exchange through CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH. These transactions are carried out T+3 (in other words, the relevant trading day plus three business days) on a DvP (delivery vs. payment) basis, with OeKB acting on behalf of CCP Austria Abwicklungsstelle für Börsengeschäfte GmbH as the central custodian and settlement bank. In case of non-delivery, the transaction will be performed T+8 (in other words, the relevant trading day plus eight business days) by a settlement in cash, with the defaulting counter-party

having to pay a penalty to the purchaser(s). Settlement terms of OTC transactions depend on the agreement reached between the trading counterparties.

Trading can be suspended by the Vienna Stock Exchange if orderly stock exchange trading is temporarily endangered or if its suspension is necessary in order to protect the public interest. To avoid unwanted strong price fluctuation the electronic system provides for automatic volatility interruptions and market order interruptions during auctions, and for automatic volatility interruptions during continuous trading.

### **The Austrian Traded Index and the ATX Prime**

The Austrian Traded Index ("ATX") is an index that is weighted according to the free float market capitalisation of the companies contained therein. The ATX is designed as the underlying reference for Austrian stock trading, close to the market and transparent, and serves as a reference index for futures and options. The ATX consists of the most liquid and the highest capitalised stocks, based on free float, traded on the Prime Market. As of 30 April 2013, out of the 37 securities that were traded on the Prime Market, 20 were included in the ATX. Erste Group Bank expects that its shares will continue to be included in the ATX throughout 2013.

### **Trading volume**

In 2012, the aggregate trading volume of the domestic and foreign shares listed on the Official Market and the Second Regulated Market of the Vienna Stock Exchange amounted to about €36 billion. During the first four months of 2013, the aggregate trading volume for both markets amounted to about €13 billion. As of 30 April 2013, a total of 76 companies were listed on the Prime Market, Standard Market Continuous, Standard Market Auction and Mid Market (listing on the Official Market or Second Regulated Market) segments. Austrian companies comprised the large majority of these companies. As of 30 April 2013, the total market capitalisation of all Austrian companies listed in the equity market on the Vienna Stock Exchange amounted to about €79 billion (equity market including non-regulated mid-market; excluding the non-regulated mid-market €78 billion) (31 December 2012: €78 billion). (Source: Vienna Stock Exchange).

### **Notification requirements**

Stock corporations listed on the Vienna Stock Exchange are subject to the notification provisions of the Stock Exchange Act. These notification provisions are described under *"Description of the share capital and applicable regulations—Regulation of Austrian, Czech and Romanian securities markets—Disclosure obligations"*.

# The Prague Stock Exchange

## Overview

The Prague Stock Exchange (Burza cenných papírů Praha, a.s., "PSE") is the principal securities market organiser in the Czech Republic, coordinating the supply of, and demand for, listed securities and other capital market instruments. Generally, only Prague Stock Exchange members (licensed securities traders) may execute transactions through its trading system. The Prague Stock Exchange was established in November 1992. It holds a special licence from the former Czech Securities Commission, the administrative agency that regulated the issuance, sale and trading of securities in the Czech Republic and oversaw all activities of the PSE and its members (the authority of the Czech Securities Commission was transferred to the Czech National Bank on 1 April 2006).

The legal obligations and rights of the Prague Stock Exchange are governed primarily by Act No. 256/2004 Coll., the Czech Capital Markets Act, as amended. The internal operating rules of the Prague Stock Exchange ("PSE Rules") were designed to be fully harmonised with relevant EU legislation.

In May 2004, the PSE was admitted into the Federation of European Securities Exchanges in connection with the accession of the Czech Republic to the EU, and it was granted the status of a "designated offshore securities market" by the U.S. Securities and Exchange Commission.

## The markets of the Prague Stock Exchange

The PSE operates three listing boards, the Prime Market, the Standard Market and the Start Market. The Prime Market and the Standard Market have been registered as "regulated markets" pursuant to the Directive 2004/39/EC on markets in financial instruments.

The Prime Market is a market intended for trading in the largest and most prestigious issues of shares in Czech and foreign companies. The Prime Market may accept either such share issues which meet the demanding statutory requirements of the official securities market or the statutory requirements of the regulated market.

The Standard Market also allows the admission of shares without the consent of the issuer if they have already been traded on another regulated market in the EU.

The Start Market is a niche market for small and medium size businesses. This market is regulated only by the PSE and its rules are set to satisfy the needs of issuers, while guaranteeing sufficient liquidity, which is a key issue for investors. This market provides small and medium-size businesses with simple, straightforward, and affordable access to capital.

Stock corporations officially listed on the Prague Stock Exchange are subject to the notification provisions of the Czech Capital Markets Act and the PSE Rules.

## Trading and settlement

The PSE started trading on the new platform Xetra (Exchange Electronic Trading) on 30 November 2012. The trading system Xetra, which is developed and operated by Deutsche Börse Group in Frankfurt, is based on licences used by 250 banks and investment companies and 4,700 registered traders all around the world.

Xetra allows the following types of trades: (i) single auction trading (*samostatná aukce*) for shares and bonds, (ii) continuous trading (*kontinuální obchodování*) for trading in shares and (iii) trading in structured products is performed by the continuous auction (*kontinuální aukce*). Only PSE members are allowed to participate in trading with securities through Xetra. The PSE will also define securities groups which will be available to each member.

Shares can be traded by single auction or continuous trading. Single auction trading consists of three phases: (i) call phase, (ii) price determination phase and (iii) order book balancing phase.

An auction schedule informs the traders of the periods when specific securities are called out. During this phase, the trader may enter new orders and change or delete previously placed own orders. The duration of the call phase may vary according to the number and liquidity of the securities in a trading segment. In order to avoid price manipulation, the call phase is ended at a random point in time after a certain minimum period. Price determination takes only a few seconds. The auction price is determined on the basis of the order book situation at the end of the call phase. The auction price is the price at which the largest volume of orders can be executed. If it is impossible to execute all executable orders in the price determination phase, these orders are offered to the market for a limited time, during the so-called order book balancing phase. During this phase, the parties to a trade receive execution confirmations analogous to those issued after the determination of an auction price.

Continuous trading is for trading in shares and consists of (i) opening auction, (ii) continuous phase and (iii) closing auction. The opening auction corresponds to the single auction trading. The continuous phase starts after the opening auction ends. In the continuous phase, the order book is opened with limits and aggregate order volumes per limit being displayed. Any new incoming limit or market order and every new quote is examined immediately to determine whether it can be matched against orders on the opposite side of the market. Orders are executed according to price and time priority. An order may be fully executed or partially executed (both in one or several steps), or not at all. As orders are sorted by price and time, buy orders with a higher limit take precedence over buy orders with lower limits. Conversely, sell orders with a lower limit take precedence over sell orders with higher limits. Time is used as the second criterion when several orders have the same limit. In this case, orders that were entered earlier take precedence. Market orders take precedence in the order book over limit orders. The rule of time priority also applies to market orders. The continuous phase is followed by a closing auction. Rules for order management in a closing auction are the same as in the opening auction.

The settlement of trades on the PSE is made in CZK and is executed by Centrální depozitář cenných papírů, a.s.(CDCP), a subsidiary of the PSE.

Settlement is carried out in the form of “delivery versus payment” via the exchange member, which concluded the Clearing contract on exchange trades settlement with the CDCP. Conditions on the clearing membership are described in the Rules of Settlement System—Rules of Settlement PSE. The settlement of the PSE’s trades is irrevocable and guaranteed by the CDCP’s Clearing Fund. As a general rule, settlement is conducted on the day  $S=T+3$ , where T is the trade conclusion date and S is the settlement date. If any of the parties fails to comply with its obligation arising from a concluded trade, it is provided with an extra three-day period for the settlement. If the trade is not settled after this period, the CDCP will cancel settlement of the trade and intermediate a substitute trade. The CDCP will address all exchange members to represent the party which has caused the cancellation of the settlement in the trade. Upon the conclusion of a substitute trade, the price difference, if any, between the original and substitute trade shall be settled by the failing party to the affected party.

## Trading volume

The aggregate annual volume of shares traded on the PSE (Prime and Standard Markets) in 2012 was approximately CZK 236,541.47 million (€ 9,408.97 million) (Source: Prague Stock Exchange, [www.pse.cz/Statistika/Objemy-Obchodu/](http://www.pse.cz/Statistika/Objemy-Obchodu/)). As of 30 April 2013, a total of 17 companies were listed on the Prime Market of the PSE (Source: Prague Stock Exchange, [www.pse.cz/Statistika/Objemy-Obchodu/](http://www.pse.cz/Statistika/Objemy-Obchodu/)). Further information about the PSE is available on its website, [www.pse.cz](http://www.pse.cz).

The PX is the leading index of the PSE and has a variable number of issues listed. As of 30 April 2013, the PX included the 14 most actively traded stocks of highly capitalised companies listed on the Prague Stock Exchange. Erste Group Bank had the highest relative weight among all stocks, amounting to 20.27%.



# The Bucharest Stock Exchange

## Overview

After a five-decade interruption, the Bucharest Stock Exchange ("BSE") was re-established on 21 April 1995 as a public interest institution, based on a National Securities Commission (NSC) decision. The structure of this new stock exchange was based on a modern electronic system with a set of consistent and comprehensive regulations and procedures, incorporating the functions of trading, clearing and settlement and registry. The first trading session was carried out on 20 November 1995. In December 2005, Bucharest's electronic over-the-counter stock market, Rasdaq, was merged with the BSE. Currently, the BSE is organised as a joint stock company and functions according to its by-laws, and the provisions of the Romanian Companies Law No. 31/1990, as amended and supplemented, and the Capital Markets Law, and is authorised and supervised by the NSC.

The BSE consists of two segments: (i) the regulated market, divided into two sections, namely the Spot Market and the Derivatives Market, and (ii) Rasdaq, where only domestic equities are traded. In the Spot Market section, equities and debt instruments are traded, as well as shares and units in collective investment undertakings. Securities may be listed on the BSE if they meet certain statutory criteria provided in the Capital Markets Law and secondary enactments thereto, as well as the requirements imposed by the BSE Rulebook. Stock corporations officially listed on the BSE are bound by the notification/reporting requirements set forth in the Capital Markets Law and the BSE Rulebook.

## Trading and settlement

Trading of shares on the BSE takes place under different market modules, such as the regular, the odd-lot and the deal market modules depending on the type of trading. By establishing a number of general parameters applicable to trading orders and stock exchange transactions regarding these modules, the BSE pursues the goal of maintaining an ordered and transparent regulated market and avoiding trading errors.

The regular market module is the main "order-driven" market in which shares are traded in trading blocks only and on which the reference price is determined. Trading on the regular market is divided into five phases: pre-opening, opening, open, pre-closing and closed. During the pre-opening phase, orders may be introduced, modified, withdrawn or suspended. No actual trading takes place, and the potential opening price is calculated and shown. The opening phase marks the calculation of the opening price and volumes; potential transactions are identified and executed. During the open phase, trading takes place in the market continuously. The pre-closing phase is used for the determination of the potential closing price, whereas during the closed phase no more trading orders may be introduced, modified or withdrawn. The orders are matched according to the following priority algorithm: price, account type and time.

The minimum trading volume (the trading block) on the regular market consists of 500 units (shares) and the maximum allowed variation for prices is 15% of the reference price during the current trading session.

The odd-lot market module is an "order-driven", ancillary market module to the regular market module. Its main characteristic arises from its purpose, which is to match orders for volumes smaller than a regular market trading block (one unit). The orders are matched according to the following priority algorithm: price, account type and time. The maximum allowed variation for prices on the odd-lot market is 25% of the reference price during the current trading session.

The deal market module, also an ancillary module to the regular market module, is destined for the trading of large volumes of shares, which were previously negotiated by stock exchange agents by way of placing deal orders directly among them. The minimum allowed

volume of an order on the deal market module is 500 units and the minimum value order is calculated according to Table 2 of Annex II of the Commission Regulation (EC) No. 1287/2006. The maximum allowed variation for prices on the deal market is 15% of the reference price during the current trading session.

The results of Bucharest Stock Exchange trading are available over the Internet. During the Bucharest Stock Exchange trading day, real-time trading data is published with a 15-minute delay. The official price list showing the day's trades is available after the close of business.

Settlement of trades on the Bucharest Stock Exchange is made in RON and is executed by the Central Depository (*Depozitarul Central S.A.*), a member of the BSE group.

In 2006, the Bucharest Stock Exchange was admitted into the Federation of European Securities Exchanges in connection with Romania's accession to the EU.

## **Trading volume**

The aggregate annual volume of shares traded on the Bucharest Stock Exchange in 2012 was RON 7,436,052,589.07 (approximately € 1.71 billion as per the RON/EUR exchange rate announced by the National Bank of Romania for 21 May 2013) (source: Bucharest Stock Exchange). Further information about the Bucharest Stock Exchange is available on its website, [www.bvb.ro](http://www.bvb.ro).

The BET is the leading index of the Bucharest Stock Exchange, a free-float weighted capitalisation index of the 10 most liquid companies listed on the BSE regulated market.

Another important index, the ROTX, is a free-float weighted capitalisation index, reflecting in real time the price movement of "blue chip" companies traded on the BSE market. Calculated in RON, EUR and USD, and disseminated in real-time by the Wiener Börse, ROTX also includes Erste Group Bank, which, as of 31 March 2013, has a weighting of 20.89% (source: Bucharest Stock Exchange).

## Plan of distribution

### Underwriting

Subject to the terms and conditions of the Underwriting Agreement concluded between Erste Group Bank and J.P. Morgan and Morgan Stanley on behalf of the Managers, and subject to the terms of the pricing agreement to be concluded by these parties on the date of the pricing of the Combined Offering, Erste Group Bank will agree to offer for subscription or sell (as the case may be) to the Managers, and the Managers will severally agree to procure subscribers or purchasers for, the number of New Shares set out below next to their respective names at the Final Subscription and Offer Price (assuming the issue of 32,179,425 New Shares at a Final Subscription and Offer Price of €20.51 per New Share, the closing price per Existing Share on the Vienna Stock Exchange on 28 June 2013, and targeted gross proceeds of the Combined Offering of €660 million):

Name	Number of New Shares <sup>(1)</sup>
J.P. Morgan Securities plc . . . . .	10,619,210
Morgan Stanley Bank AG . . . . .	7,079,474
COMMERZBANK Aktiengesellschaft . . . . .	1,608,971
ING Bank N.V. . . . . .	1,608,971
Non-Underwriting Joint Global Coordinator and Joint Bookrunner	
Erste Group Bank AG . . . . .	11,262,799

(1) Excluding Existing Shares held by Erste Stiftung to be sold if J.P. Morgan and Morgan Stanley exercise the option to purchase such Existing Shares up to an aggregate value of approximately €80 million.

The Managers have severally agreed to underwrite all New Shares and offer them for subscription to the Subscription Offerees subject to certain conditions, including but not limited to the conditions mentioned under *"The Combined Offering—Subscription Offering"*. Prior to the commencement of the Subscription Offering, the New Shares will be offered for purchase to selected qualified institutional investors in the Institutional Pre-Placement, using an accelerated book-building process. The Institutional Pre-Placement is partially subject to a claw-back and deferred settlement in order to ensure that the New Shares attributable to Subscription Rights that have not been waived by Erste Stiftung, Sparkassen Beteiligungs GmbH & Co. KG, Caixa Bank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks in full or in part are available for subscription by the Subscription Offerees in the Subscription Offering. In order to facilitate the Combined Offering, Erste Stiftung has entered into an agreement with J.P. Morgan and Morgan Stanley granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price. For more information, see *"The Combined Offering"*.

The Combined Offering will be conducted: (i) in the United States in private placements to QIBs in reliance on Rule 144A under the Securities Act; and (ii) in private placements outside of the United States to selected qualified institutional investors. In addition, the Subscription Offering will include public offerings in Austria, the Czech Republic and Romania. The Combined Offering outside the United States will be made in compliance with Regulation S under the Securities Act. See also *"Selling restrictions"* and *"Transfer restrictions"*. The offering of the New Shares in the United States in reliance on Rule 144A under the Securities Act will be made by affiliates of the Managers as well as Auerbach Grayson who are broker-dealers registered under the Exchange Act. Over-allotments will be implemented in connection with the Combined Offering to the extent permitted by applicable law.

The Underwriting Agreement provides that the obligations of the Managers are subject to certain conditions precedent, including the absence of any material adverse change in Erste Group's business, certain *force majeure* provisions and the receipt of certain certificates, opinions and letters.

### **Estimated costs of the Combined Offering**

Erste Group Bank estimates that the total expenses of this Combined Offering, including underwriting fees and commissions, legal, accounting and other costs will be approximately €30 million, based on 32,179,425 New Shares to be offered and the closing price of the Existing Shares on the Vienna Stock Exchange on 28 June 2013. The commissions to be paid will be lower to the extent that, on the one hand, the Final Subscription and Offer Price is less than the Maximum Subscription and Offer Price and, on the other hand, the actual number of New Shares offered is less than 32,179,425. The decision to pay an incentive fee and its amount will be in the sole discretion of Erste Group Bank. The Managers will not receive any underwriting fees and commissions for Shares delivered upon exercise of the option under the agreement between J.P. Morgan and Morgan Stanley and Erste Stiftung granting the Joint Global Coordinators and Joint Bookrunners (except for Erste Group Bank) an option to purchase Existing Shares held by Erste Stiftung up to an aggregate value of approximately €80 million at the Final Subscription and Offer Price.

### **Indemnification**

The Underwriting Agreement provides that Erste Group Bank will indemnify the Managers against certain liabilities in connection with the Combined Offering, including liabilities under applicable securities laws.

### **Termination of the Underwriting Agreement**

The Underwriting Agreement will provide that the obligations of the Managers are subject to certain conditions precedent, including the absence of any material adverse change in Erste Group's financial condition or business affairs. The Managers will be entitled to terminate the Underwriting Agreement in certain circumstances, in particular in case of the occurrence of events of *force majeure*.

If the Underwriting Agreement is terminated prior to registration of the implementation of the capital increase underlying the Combined Offering with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*), the Combined Offering will not take place and the Subscription Rights will no longer exist or become worthless. Under such circumstances, Offerees will not be entitled to delivery of New Shares. Claims with regard to already paid securities commissions and costs incurred in connection with the Combined Offering by an Offeree will be determined solely on the basis of the legal relationship between the Offeree and the institution to which it submitted its offer to purchase, or to subscribe for, New Shares. Any payment made for the subscription for, or the purchase of New Shares, respectively, will be returned to the respective Offeree without interest.

If the Underwriting Agreement is terminated after registration of the implementation of the capital increase underlying the Combined Offering with the Austrian companies register (*Firmenbuch*) at the Vienna Commercial Court (*Handelsgericht Wien*), or at a time when the registration cannot be prevented, Subscription Offerees who validly exercised their Subscription Rights and who will do so during the remaining Subscription Period may acquire New Shares at the Final Offer and Subscription Price. Any such termination would only relate to New Shares not validly subscribed for by Subscription Offerees. Deliveries of New Shares allocated to Institutional Investors in connection with the Institutional Pre-Placement which are not subject to claw-back and have already been delivered at the time when the Combined Offering is terminated will not be reversed.

## **Lock-up**

Neither Erste Group Bank nor any of its majority-owned subsidiaries will, prior to 180 days after the date of the Underwriting Agreement, which is expected to be signed on the date of this Prospectus, without the prior consent of J.P. Morgan and Morgan Stanley, (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase any option, or grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any shares in Erste Group Bank or any securities convertible into or exercisable or exchangeable for shares in Erste Group Bank or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the shares in Erste Group Bank, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of shares in Erste Group Bank or such other securities, in cash or otherwise, other than the New Shares to be issued in the Combined Offering.

The foregoing limitations will not apply to (i) granting of options to employees and management and to issuing shares in Erste Group Bank upon the exercise of options granted under the existing employee share ownership programme and management share option programmes, if any, as such are described in this Prospectus, (ii) buying and selling of shares in Erste Group Bank and to issuing and trading options for shares in Erste Group Bank on the Vienna Stock Exchange, the Prague Stock Exchange and the Bucharest Stock Exchange in the ordinary course of brokerage and banking business, (iii) issuing shares in Erste Group Bank solely in order to acquire or increase participations in other savings banks, and (iv) issuing preference shares via a foreign subsidiary for the purpose of raising tier-1 capital or hybrid capital as defined in the Banking Act.

Erste Group Bank also agrees, during the period beginning from the date of this Prospectus to and including the date 180 days after the date of the Underwriting Agreement, not to, and not to publicly announce an intention to, effect any capital increase from authorised capital or issue any shares without the prior written consent of J.P. Morgan and Morgan Stanley.

Erste Stiftung will not, prior to 90 days after the date of this Prospectus, without the prior consent of J.P. Morgan and Morgan Stanley, offer, pledge, announce the intention to sell, contract to sell, sell any option or contract to purchase any option, or grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; provided Erste Stiftung is entitled to (i) sell Shares pursuant to the option agreement entered into with J.P. Morgan and Morgan Stanley and (ii) the purchase, sale, contribution or transfer of Shares in Erste Bank between Erste Stiftung, WSW and its affiliates, CaixaBank S.A. and its affiliates, and Sparkassen Beteiligungs GmbH & CoKG.

## **Other relations with the Managers**

The Managers and certain of their respective affiliates have engaged in investment, consulting and financial transactions with Erste Group Bank and its affiliates in the ordinary course of their respective businesses and may continue to do so in the future. All investment, consulting and financial transactions with the Managers and their respective affiliates are conducted on an arm's length basis.

# Selling restrictions

## General

No action has been taken by Erste Group Bank that would permit, other than under the Combined Offering, an offer of the New Shares or possession or distribution of this Prospectus or any other offering material in any jurisdiction where action for that purpose is required other than Austria, the Czech Republic or Romania. The distribution of this Prospectus and the offer of New Shares in certain jurisdictions may be restricted by law, and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

## Notice to investors in the United States

The New Shares and the Subscription Rights have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager represents that it has not offered or sold, and agrees that it will not offer or sell, any New Shares or Subscription Rights constituting part of its allotment within the United States except in accordance with Rule 144A under the Securities Act.

Each Manager represents and agrees that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer and sale of the New Shares and the Subscription Rights in the United States, and neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the New Shares and the Subscription Rights. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Each Manager represents that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the New Shares and the Subscription Rights, except with its affiliates or with the prior written consent of Erste Group Bank.

## Notice to investors in the EEA

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), Erste Group Bank represents that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the New Shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of New Shares to the public in that Relevant Member State at any time:

- directed exclusively to any legal entity which is authorized or regulated to operate in the financial markets or whose sole corporate purpose is to invest in securities;
- directed exclusively to any legal entities that have met two or more of the following criteria as shown in their most recent annual or consolidated financial statements: (1) an average of at least 250 employees during the last financial year; (2) total assets of more than €43,000,000; and (3) annual net revenue of more than €50,000,000;



- to fewer than 150 natural or legal persons or, if the Relevant Member State has not implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive for any such offer; or
- in any other circumstances which do not require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive by the Company.

For the purposes of this provision, the expression an “offer to the public” in relation to any New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Shares to be offered so as to enable an investor to decide to purchase or subscribe for the New Shares, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of this provision, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

### **Notice to investors in the United Kingdom**

Any offer or sale of the New Shares may only be made to persons in the United Kingdom who are “qualified investors” or otherwise in circumstances that do not require publication by Erste Group Bank of a prospectus pursuant to Section 85(1) UK Financial Services and Markets Act 2000. Any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, investment professionals falling within Article 19(5), or fall within Section 49(2)(a) to (d) (“high net worth; unincorporated associations, etc.”) UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or other persons to whom such investment or investment activity may lawfully be made available (together, “Relevant Persons”). Persons who are not Relevant Persons should not take any action on the basis of this Prospectus and should not act or rely on it.

### **Notice to investors in Canada**

This Prospectus is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the Subscription Rights or New Shares described herein in any province or territory of Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the Subscription Rights or New Shares described herein, and any representation to the contrary is an offence.

Furthermore, the offer, sale, exercise or acceptance of, or the subscription for, any of the Subscription Rights or New Shares to or by persons located or resident in Canada may be restricted or prohibited by applicable Canadian securities laws. Accordingly, except in limited circumstances, no Subscription Rights will be credited to any account, nor will any New Shares or certificates evidencing such securities be delivered to investors in Canada. Each person located or resident in Canada that exercises, accepts, subscribes for or purchases any of the Subscription Rights or New Shares must do so in accordance with applicable Canadian securities laws and the restrictions set forth in this Prospectus and other relevant documentation delivered to such purchaser by Erste Group Bank and/or the Managers in connection with the Combined Offering.

### **Notice to investors in Australia**

This Prospectus does not constitute a disclosure document under Chapter 6D of the Corporations Law of Australia (“Corporations Law”) and will not be lodged with the Australian Securities and Investments Commission. The New Shares will be offered to persons who receive offers in Australia only to the extent that such offers to purchase New Shares do not need

disclosure to investors under Chapter 6D of the Corporations Law. Any offer of New Shares received in Australia is void to the extent that it needs disclosure to investors under the Corporations Law. In particular, offers of New Shares will only be made in Australia in reliance on various exemptions from such disclosure to investors provided by Section 708 Corporations Law. Any person to whom New Shares are offered pursuant to an exemption provided by Section 708 Corporations Law must not within 12 months after the purchase, offer those New Shares for sale in Australia unless that offer is itself made in reliance on an exemption from disclosure provided by that Section.

### **Notice to investors in Japan**

The Subscription Rights and the New Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). No person may offer or sell, directly or indirectly, any securities in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Act; and (ii) in compliance with any other applicable requirements of Japanese law.

# Transfer restrictions

## General

Because of the following restrictions, purchasers of the New Shares in the United States are advised to consult legal counsel prior to making any offer for, resale, pledge or other transfer of, the New Shares and Subscription Rights.

The New Shares and Subscription Rights have not and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The New Shares and Subscription Rights in the Combined Offering may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. Accordingly, the New Shares and Subscription Rights in the Combined Offering are being offered and sold in the United States to QIBs, and outside the United States, pursuant to Regulation S under the Securities Act.

Any shareholder resident in the United States (a "U.S. holder") may only transfer its rights outside the United States in accordance with Regulation S under the Securities Act.

## Investors' representations and restrictions on resale

### Outside the United States

Each purchaser of New Shares and Subscription Rights in the Combined Offering outside the United States pursuant to Regulation S by accepting delivery of this document and the New Shares and Subscription Rights in the Combined Offering will be deemed to have represented, agreed and acknowledged that:

- (1) it is, and the person, if any, for whose account or benefit the purchaser is acquiring the New Shares or Subscription Rights is, outside the United States (within the meaning of Regulation S) at the time the buy order for the New Shares or Subscription Rights is originated and will continue to be located outside the United States, and the person, if any, for whose account or benefit the purchaser is acquiring the New Shares and Subscription Rights reasonably believes that the purchaser is outside the United States, and neither the purchaser nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States;
- (2) it understands that New Shares and the Subscription Rights in the Combined Offering have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on exercise and transfer; and
- (3) Erste Group Bank, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and will not recognise any offer, exercise, sale, pledge or other transfer of the New Shares and Subscription Rights made other than in compliance with the above-stated restrictions.

### Within the United States

Each person within the United States exercising Subscription Rights in the Rights Offering will be required to deliver an investment letter for the benefit of Erste Group Bank and each Manager in which such person (among other things) represents and agrees that, and each purchaser of New Shares in the Institutional Pre-Placement within the United States, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that:

- (1) such person is, and at the time of any purchase by it of New Shares or Subscription Rights such purchaser will be, a QIB;

- (2) such person understands and acknowledges that neither the New Shares nor the Subscription Rights have been, or will be, registered under the Securities Act, and that they may not be offered, sold or exercised, directly or indirectly, in the United States, other than in accordance with paragraph (4) below;
- (3) such person is exercising Subscription Rights, and subscribing for or purchasing New Shares, as the case may be, (a) for its own account, or (b) for the account of one or more other QIBs for which it is acting as a duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgements, representations and agreements in an investment letter with respect to each such account (in which case it makes such acknowledgements, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any New Shares or of any Subscription Rights;
- (4) such person understands and agrees that in the United States, the Subscription Rights may be exercised only by QIBs, and that offers and sales of the New Shares are being made in the United States only to QIBs, in each case pursuant to an exemption from the registration requirements of the Securities Act, and that if in the future it or any such other QIB for which it is acting, as described in paragraph (3) above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, hypothecate or otherwise transfer any New Shares or any economic interest therein, it, and any such other QIB or fiduciary or agent will do so only (a) (i) pursuant to an effective registration statement under the Securities Act, (ii) to a person whom the holder and any person acting on its behalf reasonably believes is a QIB purchasing for its account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in an "offshore transaction" in accordance with Rule 903 or Rule 904 of Regulation S (and not in a pre-arranged transaction resulting in the resale of such New Shares into the United States) or (iv) in case of New Shares, pursuant to an exemption from registration under the Securities Act pursuant to Rule 144 thereunder, if available, and (b) in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. Such person understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the New Shares;
- (5) such person understands that for so long as New Shares are "restricted securities" within the meaning of Rule 144 under the Securities Act, no such New Shares may be deposited into any ADR facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such New Shares will not settle or trade through the facilities of DTC or any other U.S. clearing system;
- (6) such person understands that these representations, warranties, undertakings and acknowledgements are required in connection with U.S. securities laws and that Erste Group Bank, its affiliates and the Managers will be relying thereon and it irrevocably authorises the Managers and Erste Group Bank on its own behalf and on behalf of each beneficial owner of the New Shares being purchased by it, to rely on these representations and to produce the investment letter to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered therein or in connection with any other requirements of law; and
- (7) such person undertakes promptly to notify Erste Group Bank and the Managers if, at any time prior to the delivery to it of any New Shares, any of the foregoing ceases to be true.

Any offer, exercise, sale, pledge or other transfer of the New Shares and Subscription Rights made other than in compliance with the above-stated restrictions will not be recognised by Erste Group Bank or the Managers.

Each investor in the United States will also be deemed to have agreed to give any subsequent purchaser of New Shares notice of any restrictions on the transfer thereof.

In addition, until 40 days after the commencement of the Combined Offering, an offer or sale of New Shares within the United States by any dealer (whether or not participating in the Institutional Pre-Placement) may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with Rule 144A or another exemption from registration under the Securities Act.

#### **Within the EEA**

Each person in a Relevant Member State, other than persons receiving offers contemplated in this Prospectus in Austria, the Czech Republic or Romania, who receives any communication in respect of, or who acquires any New Shares under, the offers contemplated hereby will be deemed to have represented, warranted and agreed to and with Erste Group Bank that:

- (1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- (2) in the case of any New Shares acquired by a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented and agreed that the New Shares acquired by it in the offer have not been acquired other than on a discretionary basis, where that fact means that the offer to the financial intermediary is deemed to be an offer to a qualified investor on behalf of, nor have they been acquired with a view to their offer or resale to persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Managers has been given to the offer or resale.

For the purposes of this representation, the expression an “offer to the public” in relation to any New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to purchase or subscribe for the New Shares, as such expression may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. For the purposes of this provision, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

## **Statement pursuant to Commission Regulation (EC) No 809/2004 and Section 8 (1) Capital Markets Act**

Erste Group Bank AG, with its corporate seat in Vienna, Austria, is responsible for this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Vienna, 1 July 2013

Erste Group Bank AG as Issuer

By: Andreas Treichl m.p.

As Management Board (*Vorstand*) member  
with collective signing authority

By: Franz Hochstrasser m.p.

As Management Board (*Vorstand*) member  
with collective signing authority



## Glossary and list of abbreviations and definitions

For ease of reference, the glossary below sets out certain abbreviations and meanings of certain terms used in the Prospectus. Readers of the Prospectus should always have regard to the full description of a term contained in the Prospectus.

<b>ABS</b>	Asset backed securities
<b>ADR</b>	American Depositary Receipt
<b>AFS or AfS</b>	Available for sale
<b>ALCO</b>	Asset liability committee
<b>ALM</b>	Asset and liability management unit
<b>AMA</b>	Advanced measurement approach, which is a method of measuring operational risk as a regulatory capital requirement.
<b>Articles of Association</b>	The articles of association of Erste Group Bank as of 15 May 2012
<b>ATM</b>	Automated teller machine
<b>ATS</b>	Austrian Schilling
<b>Audited Consolidated Financial Statements</b>	The audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012, 2011 and 2010
<b>Austrian GAAP</b>	Generally Accepted Accounting Principles in Austria, including for purposes of Erste Group Bank's unconsolidated financial statements and for financial years ended on or before 31 December 2012 for regulatory purposes of the Banking Act, the UGB and the Banking Act
<b>Bank Austria</b>	UniCredit Bank Austria AG
<b>Banking Act</b>	The Austrian Banking Act 1993, as amended ( <i>Bankwesengesetz</i> )
<b>Basel 2</b>	The "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" as published in June 2004
<b>Basel 3</b>	A comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector
<b>BCR</b>	Banca Comercială Română S.A.
<b>BGM</b>	Brace Gatarek Musiela models for measuring complex interest rate derivatives
<b>BIA</b>	Basic indicator approach
<b>bps</b>	Basis points
<b>BSE</b>	The Bucharest Stock Exchange

<b>Business</b>	Business refers to the International Business, the Treasury business and the Capital Markets business (in the consolidated financial statements as of and for the financial year ended 31 December 2011 also referred to as "division" or "divisionalised business unit")
<b>Capital Markets Act</b>	Austrian Capital Markets Act 1991, as amended ( <i>Kapitalmarktgesetz</i> )
<b>Capital Markets Law</b>	The law no. 297/2004 on capital markets under which the Romanian securities market is regulated
<b>CBRD</b>	Croatian Bank for Reconstruction and Development
<b>CCF</b>	Credit conversion factor
<b>CDCP</b>	Centrální depozitář cenných papírů, a.s.
<b>CDO</b>	Collateralised debt obligations
<b>CDS</b>	Credit default swap
<b>CEE</b>	The following countries in Central and Eastern Europe: Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, the Republic of Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia, and the Ukraine
<b>Česká spořitelna</b>	Česká spořitelna, a.s.
<b>CGC</b>	The Austrian Corporate Governance Code, as amended in July 2012
<b>CGU</b>	Cash-generating unit
<b>CHF</b>	Swiss Francs
<b>Clearstream</b>	Clearstream Banking S.A.
<b>CLO</b>	Collateralised loan obligations
<b>CMBS</b>	Collateralised mortgage-backed securities
<b>CMO</b>	Collateralised mortgage obligations
<b>CNB</b>	Czech National Bank
<b>Companies Register</b>	The Austrian companies register ( <i>Firmenbuch</i> ) at the Vienna Commercial Court ( <i>Handelsgericht Wien</i> )
<b>Consolidated Financial Statements</b>	The audited consolidated financial statements of Erste Group Bank for the financial years ended 31 December 2012, 2011 and 2010, and the unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013
<b>Core Capital</b>	As defined in " <i>The Austrian banking system—Capital adequacy requirements</i> "
<b>Core tier-1 capital</b>	Core tier-1 capital is the tier-1 capital (excluding hybrid tier-1 capital pursuant to Section (4a) and 4(b) Banking Act) after regulatory deductions

<b>Core tier-1 ratio—total risk</b>	The ratio of core tier-1 capital (excluding hybrid tier-1 capital pursuant to Section 23 (4a) and 4(b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act
<b>Corporations Law</b>	As defined in <i>"Selling restrictions—Notice to investors in Australia"</i>
<b>CrNB</b>	Croatian National Bank
<b>CRR/CRD IV</b>	The legislative package proposed by the European Commission on 10 July 2011 for a Europe-wide implementation of Basel 3
<b>CVA</b>	Credit value adjustment
<b>CZK</b>	Czech Koruna
<b>DCF</b>	Discounted cash flow
<b>Die Erste</b>	DIE ERSTE österreichische Spar-Casse—Bank Aktiengesellschaft
<b>DIP</b>	Debt issuance programme
<b>DTC</b>	The Depository Trust Company
<b>EBA</b>	European Banking Authority
<b>EBRD</b>	The European Bank for Reconstruction and Development
<b>ECB</b>	The European Central Bank
<b>ECC</b>	Erste Card Club (formerly Diners Club Adriatic d.d.)
<b>EEA</b>	European Economic Area
<b>EFSF</b>	European Financial Stability Facility
<b>EGI</b>	Erste Group Immorent AG
<b>EIB</b>	The European Investment Bank
<b>EIR</b>	Effective interest rate
<b>EL</b>	Expected Loss
<b>ELBE</b>	Expected Loss Best Estimate
<b>ERP</b>	Emergency response plan made by Erste Group to address capital-related matters in case of unforeseeable events, such as a crisis.
<b>Erste Bank Croatia</b>	Erste & Steiermärkische Bank d.d.
<b>Erste Bank Hungary</b>	Erste Bank Hungary Zrt
<b>Erste Bank Oesterreich</b>	After the de-merger of the Austrian banking business on 9 August 2008, Erste Bank der oesterreichischen Sparkassen AG, registered in the Companies Register under FN 286283f
<b>Erste Bank Serbia</b>	Erste Bank a.d. (formerly Novosadska Banka a.d.)
<b>Erste Bank Ukraine</b>	Public Company "Erste Bank"

<b>Erste Group</b>	Erste Group Bank, together with its consolidated subsidiaries, including Erste Bank Oesterreich, Česká spořitelna, Slovenská sporiteľňa, Erste Bank Hungary, BCR, Erste Bank Croatia, Erste Bank Serbia, Erste Bank Ukraine, Salzburger Sparkasse, Tiroler Sparkasse, other savings banks of the <i>Haftungsverbund</i> , Immorent and others
<b>Erste Group Bank</b>	Erste Group Bank AG (under its former name “Erste Bank der oesterreichischen Sparkassen AG” prior to 9 August 2008), the ultimate parent company of Erste Group, registered in the Companies Register under FN 33209m
<b>Erste Stiftung</b>	DIE ERSTE österreichische Spar-Casse Privatstiftung
<b>ESM</b>	European Stability Mechanism
<b>ESOP</b>	Employee Share Ownership Programme
<b>EU</b>	European Union
<b>EUR or €</b>	Euro
<b>EURIBOR</b>	The Euro Inter-bank Offered Rate
<b>Euroclear</b>	Euroclear Bank S.A./N.V.
<b>Eurozone</b>	The region comprising those member states of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on the EU (signed in Maastricht on 7 February 1992) and the Amsterdam Treaty of 2 October 1997, as further amended from time to time
<b>Existing Shares</b>	As defined on the cover page
<b>Final Subscription and Offer Price</b>	The final Subscription Price and the final Offer Price
<b>FinStaG</b>	Financial Market Stabilisation Act 2008 ( <i>Finanzmarktstabilitätsgesetz</i> )
<b>FitchRatings</b>	Fitch Ratings Ltd.
<b>FMA</b>	The Austrian Financial Markets Authority ( <i>Finanzmarktaufsichtsbehörde</i> )
<b>FTP</b>	Fund transfer pricing
<b>Full-time equivalent</b>	Number of employees calculated on the basis of employees working full time during a given period
<b>FV</b>	Fair value
<b>GCIB</b>	Group Corporate and Investment Banking
<b>GDP</b>	Gross domestic product
<b>GiroCredit</b>	GiroCredit Bank Aktiengesellschaft der Sparkassen
<b>GPM</b>	Group performance management
<b>Group ALCO</b>	Asset Liability Committee for Erste Group
<b>Group CRO</b>	Chief Risk Officer of Erste Group
<b>Group OLC</b>	Group Operational Liquidity Committee Erste Group

<b>Grundsatzvereinbarung</b>	The agreement in principle between Erste Group Bank, Erste Bank Oesterreich and the Republic of Austria
<b>Haftungsverbund</b>	The guarantee system that was formed pursuant to the <i>Grundsatzvereinbarung</i> with the majority of the Austrian savings banks
<b>HFSA</b>	Hungarian Financial Supervisory Authority
<b>HNDIF</b>	Hungarian National Deposit Insurance Fund
<b>HRK</b>	Croatian Kuna
<b>HTM</b>	Held-to maturity
<b>HUF</b>	Hungarian forint
<b>IBSA</b>	Interbank Market Support Act 2008 ( <i>Interbankmarktstärkungsgesetz</i> )
<b>ICAAP</b>	The internal capital adequacy assessment process
<b>IFRS</b>	International Financial Reporting Standards as adopted by the EU
<b>IMF</b>	The International Monetary Fund
<b>Immorent</b>	Erste Group Immorent AG
<b>Institutional Investors</b>	Institutional investors addressed in the Institutional Pre-Placement
<b>Institutional Pre-Placement</b>	As defined on the cover page
<b>Interest-bearing assets</b>	Comprise balance sheet line item loans and advances to credit institutions, loans and advances to customers, risk provisions for loans and advances, financial assets at fair value through profit or loss, financial assets available for sale, financial assets held to maturity and equity holdings in associates accounted for at equity
<b>internal rating</b>	The internal rating assigned by Erste Group for each credit exposure and lending decision to measure counterparty default risk
<b>IRB</b>	Internal ratings based
<b>IT</b>	Information technology
<b>Joint Global Coordinators and Joint Bookrunners</b>	J.P. Morgan Securities plc., Morgan Stanley Bank AG and Erste Group Bank AG
<b>LCR</b>	Liquidity coverage ratio
<b>LGD</b>	Loss given default
<b>Liquidity Reserve</b>	A specified amount of savings deposits and other Euro deposits required under the Banking Act to be maintained with Erste Group Bank by the savings bank group
<b>LTRO</b>	Long-term refinancing operation of the ECB
<b>Management Board</b>	The management board ( <i>Vorstand</i> ) of Erste Group Bank
<b>Managers</b>	The Joint Global Coordinators and Joint Bookrunners, COMMERZBANK Aktiengesellschaft and ING Bank N.V.

<b>Maximum Subscription and Offer Price</b>	The maximum Subscription Price and the maximum Offer Price
<b>MB</b>	Management board ( <i>Vorstand</i> )
<b>Minister of Finance</b>	The Austrian Federal Minister of Finance
<b>Moody's</b>	Moody's Corporation
<b>MRC</b>	Market risk committee
<b>MREL</b>	Maximum risk exposure limit set by Erste Group to assess capital adequacy requirements where short-term subordinated debt is excluded
<b>MSOP</b>	Management share option programme
<b>NBH</b>	National Bank of Hungary
<b>NBR</b>	National Bank of Romania
<b>NBS</b>	National Bank of Slovakia
<b>NBSE</b>	National Bank of Serbia
<b>NBU</b>	National Bank of Ukraine
<b>New Shares</b>	As defined on the cover page
<b>NSC</b>	National Securities Commission of Romania
<b>NPL</b>	Non-performing loans
<b>NPL ratio</b>	Ratio of non-performing loans and advances to customers as a percentage of total loans and advances to customers
<b>NSFR</b>	Net stable funding ratio
<b>ÖCI</b>	Österreichisches Credit Institut
<b>OeKB</b>	Oesterreichische Kontrollbank Aktiengesellschaft
<b>OeNB</b>	The Austrian National Bank ( <i>Österreichische Nationalbank</i> )
<b>Offer Price</b>	The price of one New Share to be paid in the Institutional Pre-Placement
<b>Offerees</b>	Investors and the Subscription Offerees
<b>Operating expenses</b>	Used as a synonym for general administrative expenses
<b>Operating income</b>	Includes net interest income, net fee and commission income, and net trading result.
<b>Operating result</b>	Equals operating income minus general administrative expenses.
<b>OTC</b>	Over the counter
<b>Participation Capital Securities</b>	Participation capital securities in an aggregate nominal amount of €1,763,744,000 divided into 1,763,744 bearer participation capital securities which Erste Group Bank issued in several tranches in 2009 and which constitute participation capital ( <i>Partizipationskapital</i> ) within the meaning of the Banking Act and will be redeemed in connection with the Combined Offering.
<b>PD</b>	Probability of default



<b>PLN</b>	Polish Zloty
<b>POS</b>	Point of sale
<b>PPA</b>	Preferred Partnership Agreement between Erste Stiftung and CaixaBank S.A. (formerly Criteria CaixaCorp S.A.)
<b>Pre-Placement Period</b>	The period during which the Institutional Investors may purchase New Shares in the Institutional Pre-Placement
<b>Prospectus Directive</b>	The Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 + Amendment Directive
<b>PX</b>	The leading index of the Prague Stock Exchange
<b>QIB</b>	Qualified institutional buyers
<b>QIS</b>	Quantitative impact study
<b>Qualifying Capital</b>	As defined in <i>"The Austrian banking system—Capital adequacy requirements"</i>
<b>RAS</b>	Risk appetite statement
<b>RCC</b>	Risk-bearing capital calculation
<b>Region</b>	Each of Austria and CEE within the Retail & SME segment (in the consolidated financial statements as of and for the financial year ended 31 December 2011 also referred to as "geographical segment", "segment" or "division")
<b>Relevant Entities</b>	As defined in <i>"The Austrian banking system—Interbank Market Support Act 2008 and Financial Market Stability Act 2008"</i>
<b>Relevant Implementation Date</b>	As defined in <i>"Selling restrictions—Notice to investors in the EEA"</i>
<b>RMBS</b>	Residential mortgage-backed securities
<b>ROE</b>	The return on equity is the ratio of net profit/loss for the year attributable to owners of the parent as a percentage of average equity attributable to owners of the parent. The average equity attributable to owners of the parent is calculated based on the equity attributable to owners of the parent outstanding as of the close of each of the twelve months of the year or as of the close of each month of the three-month period, as the case may be.
<b>RON</b>	Romanian Leu
<b>RRD</b>	European Crisis Recovery and Resolution Directive
<b>RSD</b>	Serbian Dinar
<b>RWA</b>	Risk-weighted assets and certain off-balance sheet items
<b>s-Bausparkasse</b>	Bausparkasse der österreichischen Sparkassen Aktiengesellschaft
<b>Salzburger Sparkasse</b>	Salzburger Sparkasse Bank AG
<b>Savings Banks Sector</b>	All Austrian savings banks excluding Bank Austria
<b>SB</b>	Supervisory board ( <i>Aufsichtsrat</i> )
<b>Securities Act</b>	The United States Securities Act of 1933, as amended

<b>Segment</b>	Each of Retail & SME, Group Corporate and Investment Banking (GCIB), Group Markets (GM) and Corporate Center (CC) (in the consolidated financial statements as of and for the financial year ended 31 December 2011 also referred to as “business segments”, “primary segment” or “core business”)
<b>Share Admission</b>	As defined on the cover page
<b>Shareholders</b>	Existing shareholders of Erste Group Bank
<b>Shareholders’ Meeting</b>	The shareholders’ meeting ( <i>Hauptversammlung</i> ) of Erste Group Bank
<b>SKK</b>	Slovak Koruna
<b>Slovenská sporiteľňa</b>	Slovenská sporiteľňa, a.s.
<b>SME</b>	Small and medium enterprises
<b>Solvency ratio</b>	The ratio of total eligible qualifying capital to the calculation base for the capital requirement pursuant to Section 22(1) Banking Act
<b>Steering Company</b>	Haftungsverbund GmbH
<b>Stock Corporation Act</b>	Austrian Stock Corporation Act 1965, as amended ( <i>Aktiengesetz</i> )
<b>Stock Exchange Act</b>	Austrian Stock Exchange Act 1989, as amended ( <i>Börsegesetz</i> )
<b>Subscription Offerees</b>	Shareholders and the transferees of the Subscription Rights
<b>Subscription Period</b>	The period during which the Subscription Offerees may subscribe for New Shares
<b>Subscription Price</b>	The price of one New Share to be paid upon the exercise of a Subscription Right
<b>Subscription Rights</b>	The rights to purchase New Shares pursuant to Section 153 (1) Stock Corporation Act
<b>Subsegment</b>	The subsegments of the Retail & SME segment include the Erste Bank Oesterreich subsegment, the savings banks subsegment, the Czech Republic subsegment, the Romania subsegment, the Slovakia subsegment, the Hungary subsegment, the Croatia subsegment, the Serbia subsegment and the Ukraine subsegment (in the consolidated financial statements as of and for the financial year ended 31 December 2011 also referred to as Erste Bank Oesterreich segment, savings banks segment, Czech Republic segment, Romania segment, Slovakia segment, Hungary segment, Croatia segment, Serbia segment and Ukraine segment)
<b>Supervisory Board</b>	The supervisory board ( <i>Aufsichtsrat</i> ) of Erste Group Bank
<b>Takeover Act</b>	Austrian Takeover Act, as amended ( <i>Übernahmegesetz</i> )
<b>Tax Convention</b>	Tax Convention on Income and Capital concluded between the Czech Republic and Austria

<b>Tier-1 capital</b>	Tier-1 capital is the tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) after regulatory deductions
<b>Tier-1 ratio—total risk</b>	The ratio of tier-1 capital (including hybrid tier-1 capital pursuant to Section 23 (4a) and (4b) Banking Act) to the calculation base for the capital requirement pursuant to Section 22 (1) Banking Act
<b>Tiroler Sparkasse</b>	Tiroler Sparkasse Bankaktiengesellschaft Innsbruck
<b>UAH</b>	Ukrainian Hryvnia
<b>UGB</b>	Austrian Commercial Code, as amended ( <i>Unternehmensgesetzbuch</i> )
<b>Unaudited Interim Condensed Consolidated Financial Statements</b>	The unaudited interim condensed consolidated financial statements as of and for the three-month period ended 31 March 2013
<b>U.S. or United States</b>	United States of America
<b>USD and U.S. dollars</b>	The currency of the United States
<b>VaR</b>	Value at Risk
<b>Waived Subscription Rights</b>	Waivers of all or part of their Subscription Rights by certain shareholders of Erste Group Bank, including Erste Stiftung, Sparkassen Beteiligungs GmbH & Co. KG, Caixa Bank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks
<b>Waiving Shareholders</b>	Certain shareholders of Erste Group Bank, including Erste Stiftung, Sparkassen Beteiligungs GmbH & Co. KG, Caixa Bank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung and certain savings banks
<b>YTD</b>	Year-to-date

[THIS PAGE INTENTIONALLY LEFT BLANK]

## Annex 1—German translation of the summary

The following translation of the original summary is a separate document attached to the Prospectus. It does not form part of the Prospectus itself and has not been approved by the FMA. Further, the FMA did not review its consistency with the original summary.

Die nachfolgende Übersetzung der ursprünglichen Zusammenfassung ist ein eigenständiges Dokument, das zu dem Prospekt hinzugefügt wurde. Es stellt keinen Teil des Prospekts dar und wurde nicht von der FMA gebilligt. Weiters hat die FMA nicht die Übereinstimmung mit der ursprünglichen Zusammenfassung geprüft.

### Zusammenfassung des Prospekts

Diese Zusammenfassung setzt sich aus als „Schlüsselinformationen“ bezeichneten geforderten Angaben zusammen. Diese Schlüsselinformationen sind in den Abschnitten A—E (A.1—E.7) nummeriert.

Diese Zusammenfassung enthält all die geforderten Schlüsselinformationen, die in einer Zusammenfassung für diese Art von Wertpapieren und Emittenten einzubeziehen sind. Da gewisse Schlüsselinformationen nicht adressiert werden müssen, können Lücken in der Nummerierung der Schlüsselinformationen in dieser Zusammenfassung vorhanden sein.

Auch wenn grundsätzlich eine Schlüsselinformation aufgrund der Art der Wertpapiere und des Emittenten in der Zusammenfassung anzuführen wäre, ist es möglich, dass hinsichtlich dieser Schlüsselinformation keine relevanten Angaben gemacht werden können. In einem solchen Fall wird eine kurze Beschreibung der Schlüsselinformation in die Zusammenfassung mit dem Hinweis „entfällt“ aufgenommen.

### Abschnitt A—Einführung und Warnhinweise

<b>A.1</b>	<p>Diese Zusammenfassung ist als Einführung zu diesem Prospekt (der „Prospekt“) zu lesen.</p> <p>Jede Entscheidung des Anlegers über eine Investition in die Wertpapiere sollte sich auf eine Berücksichtigung des Prospekts als Ganzen stützen.</p> <p>Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach den nationalen Rechtsvorschriften des jeweiligen Mitgliedsstaates des Europäischen Wirtschaftsraumes die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben.</p> <p>Die Erste Group Bank AG (die „Emittentin“ oder „Erste Group Bank“, und zusammen mit ihren konsolidierten Tochtergesellschaften zum Datum dieses Prospekts „Erste Group“) kann für den Inhalt dieser Zusammenfassung einschließlich der Übersetzung hiervon haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt, um Anleger bei der Prüfung der Frage, ob sie in die betreffenden Wertpapiere investieren sollten, behilflich zu sein.</p>
------------	--

### Abschnitt A—Einführung und Warnhinweise

<b>A.2</b>	<ul style="list-style-type: none"> <li>• Zustimmung des Emittenten oder der für die Erstellung des Prospekts verantwortlichen Person zur Verwendung des Prospekts für die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre.</li> <li>• Angabe der Angebotsfrist, innerhalb deren die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre erfolgen kann und für die die Zustimmung zur Verwendung des Prospekts erteilt wird.</li> <li>• Alle sonstigen klaren und objektiven Bedingungen, an die die Zustimmung gebunden ist und die für die Verwendung des Prospekts relevant sind.</li> <li>• Deutlich hervorgehobener Hinweis für die Anleger, dass Informationen über die Bedingungen des Angebots eines Finanzintermediärs von diesem zum Zeitpunkt der Vorlage des Angebots zur Verfügung zu stellen sind.</li> </ul>	Entfällt (die Erste Group Bank hat keine Zustimmung zur Verwendung des Prospekts für die spätere Weiterveräußerung oder endgültige Platzierung von Wertpapieren durch Finanzintermediäre erteilt).
------------	--	--

### Abschnitt B—Emittent

<b>B.1</b>	<b>Gesetzliche und kommerzielle Bezeichnung</b>	Die gesetzliche Bezeichnung der Emittentin ist „Erste Group Bank AG“, ihre kommerzielle Bezeichnung lautet „Erste Group“. „Erste Group“ bezieht sich auch auf die Erste Group Bank und ihre konsolidierten Tochtergesellschaften.
<b>B.2</b>	<b>Sitz und Rechtsform des Emittenten, das für den Emittenten geltende Recht und Land der Gründung der Gesellschaft</b>	Die Erste Group Bank ist eine nach österreichischem Recht gegründete und österreichischem Recht unterliegende Aktiengesellschaft, die im Firmenbuch des Handelsgerichts Wien unter der Firmenbuchnummer FN 33209m eingetragen ist. Der Sitz der Erste Group Bank liegt in Wien, Österreich. Sie hat ihre Geschäftsanschrift unter der Adresse Graben 21, 1010 Wien, Österreich.
<b>B.3</b>	<b>Art der derzeitigen Geschäftstätigkeit und Haupttätigkeiten des Emittenten und Hauptmärkte auf denen der Emittent vertreten ist</b>	Die Erste Group ist eine führende Bankengruppe, die auf Privat- und Firmenkunden in Österreich und in Zentral- und Osteuropa („CEE“) fokussiert ist. Die Erste Group bietet ihren Kunden ein umfassendes Angebot an Dienstleistungen an, welches, abhängig vom jeweiligen Markt, Einlagenkonto- und Girokontenprodukt, Hypothekar- und Verbraucherkreditgeschäft, Investitions- und Betriebsmittelfinanzierung, Private Banking, Investment Banking, Asset-Management, Projektfinanzierung, Außenhandelsfinanzierung, Devisen- und Valutenhandel, Leasing und Factoring umfasst. Die Erste Group ist, gemessen an den Aktiva, den gesamten Forderungen und den gesamten Verbindlichkeiten, unter den führenden Bankengruppen in Österreich, in der Tschechischen Republik, in Rumänien und in der Slowakischen Republik und hat wesentliches operatives Geschäft in Ungarn, Kroatien und Serbien. Sie betreut ungefähr 16,6 Mio. Kunden in Österreich und ihren CEE-Kernmärkten. Die Erste Group Bank ist ebenso die führende Bank des österreichischen Sparkassensektors. Zum 31. Dezember 2012 betrug die Summe der Aktiva der Erste Group €213,8 Mrd. sowie das Kapital der Erste Group €16,3 Mrd. bei einem Betriebsergebnis (Betriebserträge (die Summe aus Zinsüberschuss, Provisionsüberschuss und Handelsergebnis) abzüglich des Verwaltungsaufwands) in der Höhe von



## Abschnitt B—Emittent

€3.472,8 Mio und einem Jahresgewinn in der Höhe von €483,5 Mio per 31. Dezember 2012 der den Eigentümern des Mutterunternehmens zurechenbar ist. Zum gleichen Zeitpunkt betrug die Summe des Partizipationskapitals der Erste Group €1.756,6 Mio. Zum 31. März 2013 betrug die Summe der Aktiva der Erste Group €213,0 Mrd. und das Kapital der Erste Group €16,4 Mrd. bei einem Betriebsergebnis (Betriebserträge (die Summe aus Zinsüberschuss, Provisionsüberschuss und Handelsergebnis) abzüglich des Verwaltungsaufwands) in der Höhe von €835,4 Mio. und einem Periodengewinn für das zum 31. März 2013 endende Quartal in der Höhe von €176,2 Mio. der den Eigentümern des Mutterunternehmens zurechenbar ist. Zum gleichen Zeitpunkt betrug die Summe des Partizipationskapitals der Erste Group €1.756,6 Mio. Die Erste Group Bank fungiert als oberste Muttergesellschaft und bleibt die einzige Gesellschaft der Erste Group, die an einer im Europäischen Wirtschaftsraum befindlichen Börse notiert.

Die „Erste Group“ setzt sich zusammen aus der Erste Group Bank und ihren Tochtergesellschaften und Beteiligungen, darunter unter anderem Erste Bank Oesterreich in Österreich, Česká spořitelna in der Tschechischen Republik, Banca Comerciala Româna in Rumänien, Slovenská sporiteľňa in der Slowakischen Republik, Erste Bank Ungarn in Ungarn, Erste Bank Kroatien in Kroatien, Erste Bank Serbien in Serbien, und, in Österreich, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, weitere Sparkassen im Haftungsverbund, Immorent und andere. Am 29. April 2013 hat die Erste Group den Verkauf der Public Company „Erste Bank“ („Erste Bank Ukraine“ vormals Bank Prestige, seit Jänner 2007) an die Gesellschafter der Fidobank abgeschlossen. Die Erste Group beschäftigte zum 31. März 2013 weltweit 48.801 Mitarbeiter (Vollzeitäquivalente) (von denen 1.532 (Vollzeitäquivalente) bei der Erste Group Bank beschäftigt waren).

Die Erste Group ist davon überzeugt, dass ihr Geschäft durch die folgenden Wettbewerbsstärken charakterisiert ist: (i) führende Marktstellungen im Privat- und Firmenkundengeschäft; (ii) ein bewährtes und stabiles Geschäftsmodell; (iii) sie ist in geographischen Märkten mit einem vergleichsweise geringen Bruttoinlandsprodukt und einem vergleichsweise geringen Grad an Durchdringung durch Banken tätig; und (iv) ihre anerkannte und gesicherte Marke.

Die Erste Group strebt die Stärkung ihrer Marktposition in ihren Kernmärkten durch folgende Strategien an, wobei gleichzeitig der Fokus auf einem strikten Kostenmanagement gerichtet bleibt: (i) die Schärfung des geographischen Fokus auf Österreich und den östlichen Teils der Europäischen Union durch die Finanzierung der Kreditgewährung an lokale Kunden durch lokale Einlagen und durch die Stärkung der Firmenkundenbeziehungen; und (ii) die Beibehaltung des Fokus auf das Kundengeschäft in den Kernregionen durch auf Kundenbedürfnisse maßgeschneiderte Kapitalmarktaktivitäten, durch einen ausgewogenen Ansatz der Vergrößerung des Geschäftes mit öffentlichen Unternehmen und durch die Fokussierung des Interbankengeschäfts auf Banken in den Kernmärkten.

### Abschnitt B—Emittent

		<p>Von den sieben Bankensektoren ist der Sparkassen-Sektor der drittgrößte Sektor; per 30. September 2012 wies er ein Volumen von ungefähr €165,4 Mrd. an Gesamtkтива (ausgenommen Bank Austria) auf (Quelle: Webseite der Österreichischen Nationalbank abgerufen im Februar 2013). Zu diesem Zeitpunkt setzte sich der Sparkassen-Sektor aus den unabhängigen Sparkassen (mit Ausnahme von Bank Austria) zusammen, wobei die Erste Group Bank als zentrales Finanzinstitut des Sparkassen-Sektors fungierte.</p>
<p><b>B.4a</b></p>	<p><b>Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken</b></p>	<p>Die Erste Group geht davon aus, dass die folgenden Trends die Bankindustrie für Privat- und Firmenkunden in Österreich und in CEE beeinflussen:</p> <ul style="list-style-type: none"> <li>• <i>Gesamtwirtschaftliches Umfeld.</i> Die Entwicklung des realen Bruttoinlandproduktes, der Haushaltseinkommen, der Ausgaben von Kunden, der Investitionen von Firmen, der Arbeitslosenrate und der Staatsverschuldung sind Schlüsselfaktoren, die die Nachfrage nach Bankdienstleistungen weltweit und in den geographischen Märkten, in denen die Erste Group tätig ist, beeinflussen. Während die Erste Group davon ausgeht, dass sich diese Indikatoren in Österreich und in CEE auf lange Sicht günstiger entwickeln werden als insbesondere im Vergleich zur Eurozone und Europäischen Union, ist die gegenwärtige Outperformance aufgrund des in den Jahren 2012 und 2013 in Europa vorherrschenden langsamen Wachstums des Umfelds beschränkt. Aufgrund dieses Trends wird auf kurze Sicht die Nachfrage nach Bankdienstleistungen in den geographischen Märkten, in denen die Erste Group tätig ist, voraussichtlich gedämpft bleiben.</li> <li>• <i>Aufsichtsrechtliche Änderungen und Besteuerung.</i> Die Europäische Bankenindustrie unterliegt erhöhten, durch supranationale und nationale Aufsichtsbehörden eingeführten Regulierungen, die höhere Eigenmittelanforderungen, höhere Liquiditätsanforderungen und Beschränkungen der Fremdfinanzierung als auch der Kreditvergabe miteinschließen. Es besteht ein sich ausbreitender Trend bei den staatlichen Regierungen, zusätzliche Steuern und Abgaben für Banken einzuführen, einschließlich Finanztransaktionssteuern. All diese Maßnahmen führen zu erhöhten Kosten für die Ausübung der Geschäftstätigkeit und wirken sich negativ auf die Ertragslage aus.</li> <li>• <i>Änderung im Kundenverhalten und technologischer Wandel.</i> Ein verstärkter Trend zur erhöhten Nutzung von elektronischen und mobilen Kanälen wird von Banken verlangen, ihre kundenbezogene Infrastruktur zu adaptieren, in neue Technologien zu investieren, wie zum Beispiel in Applikationen für Smartphones und andere mobile Geräte, und ihre Mitarbeiter neu auszubilden.</li> </ul>

<b>Abschnitt B—Emittent</b>		
<b>B.5</b>	<b>Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe</b>	<p>Die Erste Group Bank ist die Muttergesellschaft der Erste Group. Zum 31. März 2013 hält die Erste Group Bank direkt oder indirekt Beteiligungen an den folgenden Unternehmen:</p> <ul style="list-style-type: none"> <li>• Česká spořitelna, a.s. („Česká spořitelna“) (99,0%);</li> <li>• Banca Comerciala Româna S.A. („BCR“) (93,3%);</li> <li>• Slovenská sporiteľňa, a.s. („Slovenská sporiteľňa“) (100,0%);</li> <li>• Erste Bank Hungary Zrt („Erste Bank Ungarn“) (100,0%);</li> <li>• Erste &amp; Steiermärkische Bank d.d. („Erste Bank Kroatien“) (69,3%);</li> <li>• ERSTE BANK AD NOVI SAD („Erste Bank Serbien“) (80,5%);</li> <li>• Public Company „Erste Bank“ („Erste Bank Ukraine“) (100,0%);</li> <li>• Erste Bank der oesterreichischen Sparkassen AG („Erste Bank Oesterreich“) (100,0%), einschließlich Beteiligungen an Salzburger Sparkasse Bank AG (98,7%), Tiroler Sparkasse Bankaktiengesellschaft (75,0%), Bausparkasse der österreichischen Sparkassen AG (95,0%), Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft (75,0%) und Haftungsverbund GmbH (63,5%);</li> <li>• Brokerjet Bank AG (100,0%);</li> <li>• Erste Group Immorent AG (100,0%);</li> <li>• Erste Asset Management GmbH (100,0%); und</li> <li>• s IT Solutions Holding GmbH (100,0%).</li> </ul> <p>Am 29. April 2013 hat die Erste Group den Verkauf der Erste Bank Ukraine an die Gesellschafter der Fidobank abgeschlossen.</p>
<b>B.6</b>	<b>Direkte und indirekte Aktionäre des Emittenten</b>	<p>Die folgenden Ausführungen geben einen Überblick über jene juristischen Personen, die, nach Maßgabe der Stimmrechtsmitteilungen, die an die Erste Group Bank übermittelt wurden, direkt oder indirekt Stimmrechte an der Erste Group Bank halten. Die Erste Group Bank kann jedoch von Änderungen der Höhe des Anteils der Stimmrechte keine Kenntnis erlangt haben, wenn durch diese Änderungen die gesetzlich maßgeblichen Anteilsschwellen nicht erreicht, über- oder unterschritten wurden sowie wenn eine entsprechende Benachrichtigung an die Erste Group Bank unterlassen wurde. Die Höhe des Anteils der Stimmrechte kann sich selbst dann ändern, wenn die Anzahl der von dem jeweiligen Gesellschafter gehaltenen Stimmrechten gleichbleibt, beispielsweise im Falle einer Erhöhung oder Herabsetzung des Aktienkapitals der Erste Group Bank und der Gesamtzahl der damit verbundenen Stimmrechte. Vor diesem Hintergrund ist es möglich und in einigen Fällen auch wahrscheinlich, dass die der Erste Group Bank zur Verfügung stehenden Benachrichtigungen nicht in jedem Fall die tatsächliche Höhe des Stimmrechtsanteils widerspiegeln.</p> <ul style="list-style-type: none"> <li>• Nach Maßgabe der jüngsten Stimmrechtsmitteilung, veröffentlicht am 28. Juni 2013, waren 26,40% der Aktien der Erste Group Bank der DIE ERSTE Österreichische Spar-Casse Privatstiftung („Erste Stiftung“) zurechenbar. Die 26,40% der Aktien beinhaltet Aktien, die von Wiener Städtische Wechselseitiger Versicherungsverein-Vermögensverwaltung-Vienna Insurance Group gehalten werden, und die auf der Grundlage eines Syndikatsvertrages zugerechnet werden.</li> </ul>

## Abschnitt B—Emittent

### Unterschiedliche Stimmrechte

### Direkte oder indirekte Beteiligung am oder Beherrschung des Emittenten, Art der Beherrschung

- Nach Maßgabe der jüngsten Stimmrechtsmitteilung, veröffentlicht am 24. November 2011, wurden 9,98% der Aktien der Erste Group Bank durch die CaixaBank, S.A. (früher Criteria Caixacorp, S.A.) gehalten (dabei bleiben die Erhöhungen des Aktienkapitals der Erste Group Bank, die nach diesem Datum stattgefunden haben, ebenso unberücksichtigt wie der Umstand, dass CaixaBank von der Erste Stiftung im Jahr 2012 1.000.000 zusätzliche Aktien der Erste Group Bank erworben hat).

- Nach Maßgabe der jüngsten Stimmrechtsmitteilung, veröffentlicht am 9 Jänner 2013, wurden 4,42% der Aktien der Erste Group Bank durch die Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung gehalten.

Entfällt (jede einzelne Aktie der Erste Group Bank vermittelt eine Stimme).

Zur Information über die Höhe der Anteile an Aktien, die der Erste Stiftung und der CaixaBank, S.A und der Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung zugerechnet werden können, siehe oben. Ferner sind die Mitglieder des Aufsichtsrats der Erste Group Bank (der „Aufsichtsrat“) Georg Winckler (erster Stellvertreter des Aufsichtsratsvorsitzenden) und Friedrich Lackner (durch den Betriebsrat entsandt) Mitglieder des Aufsichtsrates der Erste Stiftung. Bernhard Kainz (entsandt durch den Betriebsrat der Erste Bank Oesterreich) ist auch ein Mitglied des Aufsichtsrates der Erste Stiftung. Darüber hinaus sieht die Satzung der Erste Group Bank in der durch die Hauptversammlung vom 15. Mai 2012 beschlossenen Fassung vor, dass, solange die Erste Stiftung für alle gegenwärtigen und künftigen Verbindlichkeiten der Erste Group Bank im Falle deren Insolvenz gemäß § 92 (9) österreichisches Bankwesengesetz („BWG“) (das „Bankwesengesetz“, „BWG“) haftet, die Erste Stiftung das Recht hat, bis zu einem Drittel jener Aufsichtsratsmitglieder zu bestellen, die durch die Hauptversammlung der Erste Group Bank gewählt werden (die „Aktionärsvertreter“). Bis zum heutigen Tag hat die Erste Stiftung von diesem Bestellungsrecht noch keinen Gebrauch gemacht, sodass alle Aktionärsvertreter durch die Hauptversammlung der Erste Group Bank gewählt wurden.

Erste Stiftung und CaixaBank, S.A. haben eine Kooperationsvereinbarung (Preferred Partnership Agreement; „PPA“) abgeschlossen, in der die Erste Stiftung der CaixaBank, S.A. den Status eines befreundeten Investors und bevorzugten Beteiligungspartners einräumt. Im Rahmen des PPA ist die Caixa-Bank, S.A. ermächtigt, eine Person für die Wahl zum Aufsichtsratsmitglied durch die Hauptversammlung der Erste Group Bank zu nominieren; ihr Wahlvorschlag hat im Rahmen der Aufsichtsratswahl durch die Erste Stiftung unterstützt zu werden. Im Gegenzug hat sich die CaixaBank, S.A. verpflichtet, an einem feindlichen Übernahmeangebot für Aktien der Erste Group Bank nicht teilzunehmen sowie der Erste Stiftung ein Vorkaufs- und Optionsrecht auf die von der CaixaBank, S.A. gehaltenen Aktien der Erste Group Bank einzuräumen. Weiters verpflichtet sich die Erste Stiftung, mit Ausnahme bestimmter Umstände, Dritten keinerlei Rechte einzuräumen, die günstiger

## Abschnitt B—Emittent

		<p>als jene sind, die der CaixaBank, S.A. eingeräumt wurden. Das PPA wurde von der österreichischen Übernahmekommission freigegeben.</p> <p>Erste Stiftung und Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group („WSW“), ein Aktionär der Erste Group Bank, haben einen Syndikatsvertrag abgeschlossen (der „Syndikatsvertrag“), gemäß diesem sich WSW verpflichtet, bei Wahlen von Aufsichtsratsmitgliedern in Übereinstimmung mit den Anregungen von Erste Stifung abzustimmen. Der Syndikatsvertrag beschränkt nicht die Ausübung von Stimmrechten der Erste Group Bank durch WSW in allen anderen Fällen.</p> <p>Für die Laufzeit des Syndikatsvertrags dürfen WSW und ihre direkten und indirekten Tochtergesellschaften feindliche Übernahmeangebote für Erste Group Bank nicht einleiten oder an solchen teilnehmen, noch in irgend einer anderen Form mit Bietern in solchen feindlichen Übernahmeangeboten zusammenarbeiten.</p>
<b>B.7</b>	<b>Ausgewählte wesentliche historische Finanzinformationen über den Emittenten, die für jedes Geschäftsjahr oder des von den historischen Finanzinformationen abgedeckten Zeitraums (das zum 31. März 2013 endende Quartal sowie Vergleichsdaten für das zum 31. März 2012 endende Quartal und die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre) vorgelegt werden.</b>	

### Zusammenfassung der Finanzdaten und weiterer Informationen

Die nachstehenden Finanzdaten, die sich auf die am 31. Dezember 2012 und 2011 endenden Geschäftsjahre beziehen, wurden den geprüften Konzernabschlüssen der Erste Group für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre entnommen oder basieren auf Buchhaltungsunterlagen, internen Berechnungen oder Informationen der Erste Group Bank. Einige Finanzdaten, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, wurden im geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2011 endende Geschäftsjahr rückwirkend angepasst. Insbesondere wurde die Rechnungslegung für Credit Default Swaps, die in den Perioden vor dem zum 31. Dezember 2011 endenden Geschäftsjahr als Finanzgarantien ausgewiesen wurden, rückwirkend angepasst; diese Instrumente werden nunmehr als finanzielle Vermögenswerte At Fair Value through Profit and Loss ausgewiesen und bewertet. Ferner wurden frühere Berechnungen der Effektivzinssätze für Forderungen an Kunden aufgrund der Vereinheitlichung und Weiterentwicklung bestimmter IT-Tools innerhalb der Erste Group rückwirkend angepasst. Die in diesem Abschnitt enthaltenen Finanzinformationen, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, werden dem geprüften Konzernabschluss für das zum 31. Dezember 2011 endende Geschäftsjahr entnommen oder daraus abgeleitet. Die in diesem Prospekt enthaltenen Finanzdaten, welche sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, unterscheiden sich daher teilweise von jenen Finanzdaten, die im geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2010 endende Geschäftsjahr enthalten sind. Die nachstehenden Finanzdaten, die sich auf die zum 31. März 2013 und zum 31. März 2012 endenden Quartale beziehen, wurden dem ungeprüften verkürzten Konzern-Zwischenabschluss der Erste Group Bank das für zum 31. März 2013 endende Quartal entnommen oder basieren auf Rechnungslegungsunterlagen, internen Berechnungen oder Informationen der Erste Group Bank.

Finanzinformationen, die in den folgenden Tabellen als „geprüft“ bezeichnet werden, wurden den geprüften Konzernabschlüssen der Erste Group für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre entnommen. Finanzinformationen, die in den folgenden Tabellen als „ungeprüft“ bezeichnet werden, wurden nicht diesen geprüften Konzernabschlüssen entnommen.

Die nachfolgenden Zahlenangaben wurden nach etablierten kaufmännischen Grundsätzen gerundet. Additionen der Zahlenangaben in einer Tabelle können daher zu anderen als den ebenfalls in der Tabelle dargestellten Summen führen.

## Daten zur Gewinn- und Verlustrechnung

Die folgende Tabelle stellt ausgewählte Daten der Gewinn- und Verlustrechnung für die zum 31. März 2013 und 2012 endenden Quartale und die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre dar:

### Daten zur Gewinn- und Verlustrechnung

in € Mio	Für das am 31. März endende Quartal		Für das am 31. Dezember endende Geschäftsjahr		
	2013 ungeprüft	2012	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Zinsüberschuss . . . . .	1.240,6	1.336,9	5.235,3	5.569,0	5.439,2
Betriebserträge <sup>(1)</sup> (ungeprüft) . . . . .	1.766,6	1.860,8	7.229,5	7.478,5	7.603,7
Verwaltungsaufwand . . . . .	-931,2	-945,1	-3.756,7	-3.850,9	-3.816,8
Betriebsergebnis <sup>(2)</sup> (ungeprüft) . . . . .	835,4	915,7	3.472,8	3.627,6	3.786,9
Perioden-/Jahresgewinn/-verlust vor Steuern . . . . .	301,4	487,1	801,2	-322,2	1.324,2
Perioden-/Jahresgewinn/-verlust . . . . .	235,0	379,9	631,0	-562,6	1.043,3
<b>Perioden-/Jahresgewinn/-verlust zuzurechnen den Eigentümern des Mutterunternehmens . . . . .</b>	<b>176,2</b>	<b>346,5</b>	<b>483,5</b>	<b>-718,9</b>	<b>878,7</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss für das zum 31. März 2013 endende Quartal einschließlich Vergleichsfinanzinformationen für das zum 31. März 2012 endende Quartal.

- (1) Betriebserträge beinhalten Zinsüberschüsse, Provisionsüberschüsse und das Handelsergebnis und sind für die Jahre endend am 31. Dezember 2012, 2011 und 2010 ungeprüft. Die folgende Tabelle zeigt die Berechnung der Betriebserträge für die zum 31. März 2013 und 2012 endenden Quartale und die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre.

in € Mio	Für das zum 31. März endende Quartal		Für das zum 31. Dezember endende Geschäftsjahr		
	2013 ungeprüft	2012	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Zinsüberschuss . . . . .	1.240,6	1.336,9	5.235,3	5.569,0	5.439,2
Provisionsüberschuss . . . . .	448,2	430,3	1.720,8	1.787,2	1.842,5
Handelsergebnis . . . . .	77,8	93,6	273,4	122,3	321,9
<b>Betriebserträge (ungeprüft) . . . . .</b>	<b>1.766,6</b>	<b>1.860,8</b>	<b>7.229,5</b>	<b>7.478,5</b>	<b>7.603,7</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss für das zum 31. März 2013 endende Quartal einschließlich Vergleichsfinanzinformationen für das zum 31. März 2012 endende Quartal.

- (2) Das Betriebsergebnis entspricht den Betriebserträgen abzüglich des Verwaltungsaufwands und ist für die Jahre endend am 31. Dezember 2012, 2011 und 2010 ungeprüft. Die folgende Tabelle zeigt die Berechnung der Betriebserträge für die zum 31. März 2013 und 2012 endenden Quartale und die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre.

in € Mio	Für das zum 31. März endende Quartal		Für das zum 31. Dezember endende Geschäftsjahr		
	2013 ungeprüft	2012	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Betriebserträge (ungeprüft) . . . . .	1.766,6	1.860,8	7.229,5	7.478,5	7.603,7
Verwaltungsaufwand . . . . .	-931,2	-945,1	-3.756,7	-3.850,9	-3.816,8
<b>Betriebsergebnis (ungeprüft) . . . . .</b>	<b>835,4</b>	<b>915,7</b>	<b>3.472,8</b>	<b>3.627,6</b>	<b>3.786,9</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss für das zum 31. März 2013 endende Quartal einschließlich Vergleichsfinanzinformationen für das zum 31. März 2012 endende Quartal.



## Daten zur Bilanz

Die folgende Tabelle stellt ausgewählte Bilanzdaten zum 31. März 2013 und zum 31. Dezember 2012, 2011 und 2010 dar:

### Daten zur Bilanz

in € Mio	Zum 31. März	Zum 31. Dezember		
	2013 ungeprüft	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Forderungen an Kreditinstitute . . . . .	11.964,4	9.074,1	7.577,7	12.496,5
Forderungen an Kunden . . . . .	130.335,0	131.927,5	134.749,5	132.334,1
Risikovorsorgen . . . . .	-7.695,4	-7.643,7	-7.027,3	-6.119,1
Handelsaktiva und sonstige finanzielle Vermögenswerte <sup>(1)</sup> (ungeprüft) . . . . .	47.386,9	47.286,2	44.007,8	39.955,5
Übrige Aktiva <sup>(2)</sup> (ungeprüft) . . . . .	30.998,7	33.180,0	30.698,7	27.103,0
<b>Summe der Aktiva . . . . .</b>	<b>212.989,6</b>	<b>213.824,0</b>	<b>210.006,3</b>	<b>205.770,0</b>
<b>Passiva</b>				
Verbindlichkeiten gegenüber Kreditinstituten . . .	20.678,3	21.822,1	23.785,3	20.153,9
Verbindlichkeiten gegenüber Kunden . . . . .	123.123,6	123.052,9	118.880,2	117.016,3
Verbriefte Verbindlichkeiten und nachrangige Verbindlichkeiten <sup>(3)</sup> (ungeprüft) . . . . .	35.177,2	34.750,7	36.564,2	37.136,5
Übrige Passiva <sup>(4)</sup> (ungeprüft) . . . . .	17.580,8	17.859,8	15.596,7	14.905,2
Kapital/Gesamtkapital . . . . .	16.429,7	16.338,5	15.180,0	16.558,0
zuzurechnen den nicht beherrschenden Anteilen . . . . .	3.518,0	3.483,2	3.142,9	3.443,6
Zuzurechnen den Eigentümern des Mutterunternehmens . . . . .	12.911,6	12.855,3	12.037,1	13.114,4
<b>Summe der Passiva . . . . .</b>	<b>212.989,6</b>	<b>213.824,0</b>	<b>210.006,3</b>	<b>205.770,0</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank zum 31. Dezember und für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss zum 31. März und für das zum 31. März 2013 endende Quartal.

- (1) Handelsaktiva und sonstige finanzielle Vermögenswerte gibt die Zwischensumme aus den Einzelposten Handelsaktiva, finanzielle Vermögenswerte—At Fair Value through Profit or Loss, finanzielle Vermögenswerte—Available for Sale und finanzielle Vermögenswerte—Held to Maturity und ist für die Jahre endend am 31. Dezember 2012, 2011 und 2010 ungeprüft. Die folgende Tabelle zeigt die Berechnung der Handelsaktiva und sonstigen finanziellen Vermögenwerte zum 31. März 2013 und zum 31. Dezember 2012, 2011 und 2010:

in € Mio	Zum 31. März	Zum 31. Dezember		
	2013 ungeprüft	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Handelsaktiva . . . . .	6.511,6	5.178,0	5.875,8	5.535,5
Finanzielle Vermögenswerte—At Fair Value through Profit or Loss . . . . .	656,8	715,8	1.813,1	2.434,2
Finanzielle Vermögenswerte—Available for Sale . . . . .	21.190,2	22.417,7	20.245,3	17.751,1
Finanzielle Vermögenswerte—Held to Maturity . . . . .	19.028,3	18.974,7	16.073,6	14.234,7
<b>Handelsaktiva und sonstige finanzielle Vermögenswerte (ungeprüft) . . . . .</b>	<b>47.386,9</b>	<b>47.286,2</b>	<b>44.007,8</b>	<b>39.955,5</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank zum 31. Dezember und für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss zum 31. März und für das zum 31. März 2013 endende Quartal.

- (2) Übrige Aktiva gibt die Zwischensumme aus den Einzelposten Barreserve, Derivative Finanzinstrumente, Anteile an At Equity-bewerteten Unternehmen, Immaterielle Vermögenswerte, Sachanlagen, als Finanzinvestition gehaltene Immobilien, Laufende Steueransprüche, Latente Steueransprüche, Zur Veräußerung gehaltene Vermögenswerte und Sonstige Aktiva an und ist für die Jahre endend am 31. Dezember 2012, 2011 und 2010 ungeprüft. Die folgende Tabelle zeigt die Berechnung der Übrigen Aktiva zum 31. März 2013 und zum 31. Dezember 2012, 2011 und 2010:

in € Mio	Zum 31. März	Zum 31. Dezember		
	2013 ungeprüft	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Barreserve . . . . .	7.445,8	9.740,5	9.412,9	5.839,4
Derivative Finanzinstrumente . . . . .	11.429,4	13.289,4	10.930,8	8.507,9
Anteile an At Equity-bewerteten Unternehmen . . . . .	211,1	174,1	173,1	223,5
Immaterielle Vermögenswerte . . . . .	2.858,2	2.893,9	3.532,0	4.674,6
Sachanlagen . . . . .	2.156,3	2.227,9	2.360,8	2.445,6
als Finanzinvestition gehaltene Immobilien . . . . .	1.011,1	1.022,9	1.139,3 <sup>(a)</sup>	1.163,1 <sup>(b)</sup>
Laufende Steueransprüche . . . . .	133,1	127,6	115,7	116,5
Latente Steueransprüche . . . . .	679,5	657,5	701,9	616,8
Zur Veräußerung gehaltene Vermögenswerte . . . . .	618,0	708,1	87,2	52,5
Sonstige Aktiva . . . . .	4.456,2	2.338,1	2.245,1 <sup>(a)</sup>	3.463,2 <sup>(b)</sup>
<b>Übrige Aktiva (ungeprüft)</b> . . . . .	<b>30.998,7</b>	<b>33.180,0</b>	<b>30.698,7</b>	<b>27.103,0</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank zum 31. Dezember und für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss zum 31. März und für das zum 31. März 2013 endende Quartal.

- (a) Aufgrund von Umgliederungen im Konzernabschluss für das zum 31. Dezember 2012 endende Geschäftsjahr aus den in der Bilanz des Konzernabschlusses für das zum 31. Dezember 2012 endende Geschäftsjahr enthaltenen Vergleichszahlen zum 31. Dezember 2011 entnommen.
  - (b) Aufgrund von Umgliederungen im Konzernabschluss für das zum 31. Dezember 2012 endende Geschäftsjahr aus den in der Bilanz des Konzernabschlusses für das zum 31. Dezember 2012 endende Geschäftsjahr enthaltenen Vergleichszahlen zum 1. Jänner 2011 entnommen.
- (3) Die Summe aus verbrieften Verbindlichkeiten und nachrangigen Verbindlichkeiten ist für die Jahre endend zum 31. Dezember 2012, 2011 und 2010 ungeprüft.
- (4) Übrige Passiva gibt die Zwischensumme aus den Einzelposten Wertanpassung aus Portfolio Fair Value Hedges, Derivative Finanzinstrumente, Handelspassiva, Rückstellungen, Laufende Steuerschulden, Latente Steuerschulden, Sonstige Passiva und Verbindlichkeiten in Zusammenhang mit Vermögenswerten, die zur Veräußerung gehalten werden, an und ist für die Jahre endend am 31. Dezember 2012, 2011 und 2010 ungeprüft. Die folgende Tabelle zeigt die Berechnung der Übrigen Passiva zum 31. März 2013 und zum 31. Dezember 2012, 2011 und 2010:

in € Mio	Zum 31. März	Zum 31. Dezember		
	2013 ungeprüft	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Wertanpassung aus Portfolio Fair Value Hedges . . . . .	1.428,6	1.220,0	914,7 <sup>(a)</sup>	502,0 <sup>(b)</sup>
Derivative Finanzinstrumente . . . . .	9.314,1	10.878,4	9.336,6	8.398,8
Handelspassiva . . . . .	368,4	481,0	535,6	215,7
Rückstellungen . . . . .	1.494,1	1.487,7	1.580,1	1.544,5
Laufende Steuerschulden . . . . .	72,9	53,0	33,7	68,4
Latente Steuerschulden . . . . .	292,4	323,5	344,8	328,1
Sonstige Passiva . . . . .	4.267,6	3.077,3	2.851,3 <sup>(a)</sup>	3.847,7 <sup>(b)</sup>
Verbindlichkeiten in Zusammenhang mit Vermögenswerten, die zur Veräußerung gehalten werden . . . . .	342,7	338,9	0,0 <sup>(a)</sup>	0,0 <sup>(b)</sup>
<b>Übrige Passiva (ungeprüft)</b> . . . . .	<b>17.580,8</b>	<b>17.859,8</b>	<b>15.596,7</b>	<b>14.905,2</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank zum 31. Dezember und für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss zum 31. März und für das zum 31. März 2013 endende Quartal.

- (a) Aufgrund von Umgliederungen im Konzernabschluss für das zum 31. Dezember 2012 endende Geschäftsjahr aus den in der Bilanz des Konzernabschlusses für das zum 31. Dezember 2012 endende Geschäftsjahr enthaltenen Vergleichszahlen zum 31. Dezember 2011 entnommen.
- (b) Aufgrund von Umgliederungen im Konzernabschluss für das zum 31. Dezember 2012 endende Geschäftsjahr aus den in der Bilanz des Konzernabschlusses für das zum 31. Dezember 2012 endende Geschäftsjahr enthaltenen Vergleichszahlen zum 1. Jänner 2011 entnommen.

### Ausgewählte Operative Daten

Die folgende Tabelle stellt ausgewählte operative Daten zum und für die zum 31. März 2013 und 2012 endenden Quartale und zum und für die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre dar. Während die Daten der regulatorischen Schlüsselkennzahlen der Erste Group, und zwar „Kernkapital (Tier 1) inklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG“, „Kernkapital (Tier 1) exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG“, „Kernkapitalquote exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG bezogen auf das Gesamtrisiko“, „Kernkapitalquote bezogen auf das Gesamtrisiko“ und „Eigenmittelquote“ gemäß BWG, zum 31. Dezember 2012, 2011 und 2010 auf der Grundlage des UGB ermittelt

wurden, wurden die Daten zum 31. März 2013 auf der Grundlage der IFRS berechnet. Der Konsolidierungskreis zum Zwecke der Rechnungslegung nach IFRS und für regulatorische Zwecke weicht insbesondere in der Behandlung von De-minimis-Unternehmen, nicht-finanziellen Unternehmen und Versicherungsunternehmen ab, die für regulatorische Zwecke nicht voll konsolidiert werden. Aus diesem Grund weicht die Zusammensetzung des regulatorischen Kapitals von der Zusammensetzung des konsolidierten Kapitals/Gesamtkapitals, welches für alle dargestellten Zeiträume gemäß IFRS erstellt wurde, ab. Im ersten Quartal 2013 hat Erste Group das konsolidierte regulatorische Kapital und konsolidierte regulatorische Eigenmittelerfordernisse zum ersten Mal auf der Grundlage von IFRS berechnet. Daher sind die Beträge zum 31. März 2013 und 31. Dezember 2012, 2011, 2010 nicht vollständig vergleichbar.

### Schlüsselkennzahlen

	Zum und für das zum 31. März endende Quartal		Zum 31. Dezember und für das zum 31. Dezember endende Geschäftsjahr		
	2013 ungeprüft	2012	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Eigenkapitalverzinsung <sup>(1)</sup> (in %) . . . . .	5,4	11,2	3,8	—	6,7
Ausschüttungsquote <sup>(2)</sup> (in %) (ungeprüft) . . .	—	—	32,6	—	30,1
Kosten-Ertrags-Relation <sup>(3)</sup> (in %) . . . . .	52,7	50,8	52,0	51,5	50,2
Risikokosten <sup>(4)</sup> (in %) (ungeprüft) . . . . .	1,23	1,72	1,48	1,68	1,55
Kernkapital (Tier 1) inklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG (in € Mio) <sup>(5)</sup> . . . . .	12.184	12.200	12.223	11.909	12.219
Kernkapital (Tier 1) exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG (in € Mio) <sup>(6)</sup> . . . . .	11.809	11.425	11.848	10.681	11.019
Kernkapitalquote exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG bezogen auf das Gesamtrisiko <sup>(7)</sup> (in %) . . . . .	11,2	10,2	11,2	9,4	9,2
Kernkapitalquote bezogen auf das Gesamtrisiko <sup>(8)</sup> (in %) . . . . .	11,6	10,9	11,6	10,4	10,2
Eigenmittelquote <sup>(9)</sup> (in %) . . . . .	15,9	14,4	15,5	14,4	13,5

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss für das zum 31. März 2012 endende Quartal einschließlich Vergleichsfinanzinformationen für das zum 31. März 2012 endende Quartal, mit Ausnahme, dass die unter „Ausschüttungsquote“ und „Risikokosten“ ausgewiesenen Zahlenangaben und die Zahlenangaben zum 31. März 2012 für „Kernkapital (Tier 1) inklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG“, „Kernkapital (Tier 1) exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG“, „Kernkapitalquote exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG bezogen auf das Gesamtrisiko“, „Kernkapitalquote bezogen auf das Gesamtrisiko“ und „Eigenmittelquote“ auf internen Berechnungen oder Informationen der Erste Group Bank basieren.

(1) Eigenkapitalverzinsung ist das Verhältnis des den Eigentümern des Mutterunternehmens zuzurechnenden auf das Jahr gerechneten Gewinns/Verlusts (berechnet als Periodengewinn/verlust für das Quartal multipliziert mit vier) oder des den Eigentümern des Mutterunternehmens zuzurechnenden Jahresgewinns/-verlusts zum durchschnittlichen den Eigentümern des Mutterunternehmens zuzurechnenden Kapital (ausgewiesen als „durchschnittliches zugeordnetes Eigenkapital“ in der Segmentberichterstattung der unter der folgenden Tabelle genannten jeweiligen Abschlüsse) in %. Das durchschnittliche den Eigentümern des Mutterunternehmens zuzurechnende Kapital wird, den Umständen entsprechend auf Basis von Monatsendwerten für jeden Monat des Quartals bzw. auf Basis von Monatsendwerten für jeden der zwölf Monate eines Jahres berechnet. Die folgende Tabelle zeigt die Berechnung der Eigenkapitalverzinsung für die zum 31. März 2013 und 2012 endenden Quartale und die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre:

in € Mio	Für das zum 31. März endende Quartal		Für das zum 31. Dezember endende Geschäftsjahr		
	2013 ungeprüft	2012	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Den Eigentümern des Mutterunternehmens zuzurechnender Perioden-/Jahresgewinn/-verlust . . . . .	176,2	346,5	483,5	-718,9	878,7
Auf das Jahr gerechneter, den Eigentümern des Mutterunternehmens zuzurechnender Periodengewinn/- verlust . . . . .	704,8	1.386,0	—	—	—
Durchschnittliches zugeordnetes Eigenkapital . . . . .	12.980,1	12.398,4	12.748,2	13.038,2	13.077,3
<b>Eigekapitalverzinsung (in %) . . . . .</b>	<b>5,4</b>	<b>11,2</b>	<b>3,8</b>	<b>—</b>	<b>6,7</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss für das zum 31. März 2013 endende Quartal einschließlich Vergleichsfinanzinformationen für das zum 31. März 2012 endende Quartal, mit der Ausnahme, dass der auf das Jahr gerechnete, den Eigentümern des Mutterunternehmens zuzurechnende Periodengewinn/-verlust auf internen Berechnungen bzw. Informationen der Erste Group Bank basiert.

- (2) Die Ausschüttungsquote stellt die für das jeweilige Jahr erfolgten Dividendenausschüttungen an die Eigentümer des Mutterunternehmens (ohne Dividendenausschüttungen auf das Partizipationskapital), dividiert durch den den Eigentümern des Mutterunternehmens zuzurechnenden Jahresgewinn dieses Jahres dar und ist für die Jahre endend am 31. Dezember 2012, 2011 und 2010 ungeprüft. Die folgende Tabelle zeigt die Berechnung der Ausschüttungsquote für die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre.

in € Mio	Für das zum 31. Dezember endende Geschäftsjahr		
	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
Den Eigentümern des Mutterunternehmens zuzurechnender Jahresgewinn/-verlust . . . . .	483,5	-718,9	878,7
An Eigentümer des Mutterunternehmens ausgeschüttete Dividende (ohne Dividendenausschüttungen auf das Partizipationskapital) . . . . .	157,8 <sup>(a)</sup>	—	264,7
<b>Ausschüttungsquote (in %) (ungeprüft) . . . . .</b>	<b>32,6</b>	<b>—</b>	<b>30,1</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und internen Berechnungen oder Informationen von Erste Group Bank.

(a) Ungeprüft.

- (3) Die Kosten-Ertrags-Relation ist das Verhältnis der Betriebsaufwendungen (Verwaltungsaufwand) zu den Betriebserträgen (die Summe aus Zinsüberschuss, Provisionsüberschuss und Handelsergebnis) in %. Die folgende Tabelle zeigt die Berechnung der Kosten-Ertrags-Relation für die zum 31. März 2013 und 2012 endenden Quartale und die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre:

in € Mio	Für das zum 31. März endende Quartal		Für das zum 31. Dezember endende Geschäftsjahr		
	2013 ungeprüft	2012	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
<b>Betriebsaufwendungen (Verwaltungsaufwand) . . . . .</b>	<b>-931,2</b>	<b>-945,1</b>	<b>-3.756,7</b>	<b>-3.850,9</b>	<b>-3.816,8</b>
Zinsüberschuss . . . . .	1.240,6	1.336,9	5.235,3	5.569,0	5.439,2
Provisionsüberschuss . . . . .	448,2	430,3	1.720,8	1.787,2	1.842,5
Handelsergebnis . . . . .	77,8	93,6	273,4	122,3	321,9
<b>Betriebserträge (ungeprüft) . . . . .</b>	<b>1.766,6</b>	<b>1.860,8</b>	<b>7.229,5</b>	<b>7.478,5</b>	<b>7.603,7</b>
<b>Kosten-Ertrags-Relation (in %) . . . . .</b>	<b>52,7</b>	<b>50,8</b>	<b>52,0</b>	<b>51,5</b>	<b>50,2</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss für das zum 31. März 2013 endende Quartal einschließlich Vergleichsfinanzinformationen für das zum 31. März 2012 endende Quartal.

- (4) Die Risikokosten sind die auf das Jahr gerechneten Risikovorsorgen im Kreditgeschäft (berechnet als Risikovorsorgen im Kreditgeschäft für das Quartal multipliziert mal vier) oder die Risikovorsorgen im Kreditgeschäft des Jahres im Verhältnis zu den durchschnittlichen Forderungen an Kunden (auf Quartalsbasis) und sind für Jahre endend zum 31. Dezember 2012, 2011 und 2010 ungeprüft. Die folgende Tabelle zeigt die Berechnung der Risikokosten für die zum 31. März 2013 und 2012 endenden Quartale und die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre:

	Zum 31. März und für das zum 31. März endende Quartal		Zum 31. Dezember und für das zum 31. Dezember endende Geschäftsjahr		
	2013 ungeprüft	2012	2012 geprüft, sofern nichts anderes angegeben ist	2011	2010
<b>in € Mio</b>					
Risikovorsorgen im Kreditgeschäft . . . . .	-402,2	-580,6	-1.980,0	-2.266,9	-2.021,0
Auf das Jahr gerechnete Risikovorsorgen im Kreditgeschäft . . . . .	(1.608,8)	(2.322,4)	—	—	—
Durchschnittliche Forderungen an Kunden (ungeprüft) . .	130.947,6	134.694,4	133.707,4	134.731,0	130.747,5
<b>Risikokosten (in %) (ungeprüft) . . . . .</b>	<b>1,23</b>	<b>1,72</b>	<b>1,48</b>	<b>1,68</b>	<b>1,55</b>

Quelle: Geprüfte Konzernabschlüsse der Erste Group Bank für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre einschließlich Vergleichsfinanzinformationen für das zum 31. Dezember 2010 endende Geschäftsjahr und ungeprüfter verkürzter Konzern-Zwischenabschluss für das zum 31. März 2013 endende Quartal einschließlich Vergleichsfinanzinformationen für das zum 31. März 2012 endende Quartal, mit Ausnahme, dass die auf das Jahr gerechneten Risikovorsorgen im Kreditgeschäft, die durchschnittlichen Forderungen an Kunden und die Risikokosten auf internen Berechnungen oder Informationen der Erste Group Bank basieren.

- (5) Das Kernkapital gemäß § 23 (4a) und (4b) BWG beinhaltet Hybridkapital gemäß § 23 (4a) und (4b) BWG.
- (6) Das Kernkapital exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG umfasst das Hybridkapital gemäß § 23 (4a) und (4b) BWG nicht.
- (7) Die Kernkapitalquote exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG bezogen auf das Gesamtrisiko gibt das Verhältnis des Kernkapitals exklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG zum Gesamtrisiko (errechnet) als Bemessungsgrundlage für das Eigenmittelerfordernis nach § 22 (1) BWG an.
- (8) Die Kernkapitalquote bezogen auf das Gesamtrisiko gibt das Verhältnis des Kernkapitals inklusive Hybridkapital gemäß § 23 (4a) und (4b) BWG zum Gesamtrisiko (errechnet) als Bemessungsgrundlage für das Eigenmittelerfordernis nach § 22 (1) BWG an.
- (9) Die Eigenmittelquote gibt das Verhältnis der gesamten anrechenbaren Eigenmittel zum Gesamtrisiko (errechnet) als Bemessungsgrundlage für das Eigenmittelerfordernis nach § 22 (1) BWG an.

## Abschnitt B—Emittent

**Beschreibung der wesentlichen Veränderungen der Finanzlage und des Betriebsergebnisses des Emittenten in oder nach dem von den wesentlichen historischen Finanzinformationen abgedeckten Zeitraum.**

Einige in diesem Prospekt enthaltene Finanzdaten, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, wurden im geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2011 endende Geschäftsjahr rückwirkend angepasst. Insbesondere wurde die Rechnungslegung für Credit Default Swaps, die in den Perioden vor dem zum 31. Dezember 2011 endenden Geschäftsjahr als Finanzgarantien ausgewiesen wurden, rückwirkend angepasst; diese Instrumente werden nunmehr als finanzielle Vermögenswerte At Fair Value through Profit or Loss ausgewiesen und bewertet. Ferner wurden frühere Berechnungen der Effektivzinssätze für Forderungen an Kunden aufgrund der Vereinheitlichung und Weiterentwicklung bestimmter IT-Tools innerhalb der Erste Group rückwirkend angepasst. Deswegen werden—soweit nichts anderes angegeben—die in diesem Prospekt enthaltenen Finanzinformationen, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, dem geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2011 endende Geschäftsjahr entnommen oder daraus abgeleitet. Die in diesem Prospekt enthaltenen Finanzdaten, die sich auf das zum 31. Dezember 2010 endende Geschäftsjahr beziehen, unterscheiden sich daher teilweise von jenen Finanzdaten, die im geprüften Konzernabschluss der Erste Group für das zum 31. Dezember 2010 endende Geschäftsjahr enthalten sind.

Die folgenden Veränderungen der Finanzlage und des Betriebsergebnisses der Erste Group, die anhand des Zinsüberschusses, der Risikovorsorgen im Kreditgeschäft, des Provisionsüberschusses, des Verwaltungsaufwands, des Betriebsergebnisses und des den Eigentümern des Mutterunternehmens zurechenbaren Perioden-/ Jahresgewinnes/-verlusts aufgezeigt werden, sind in den zum 31. März 2012 und 2013 endenden Quartalen und den zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahren eingetreten.

### *Zum 31. März 2013 und 2012 endende Quartale*

Im ersten Quartal 2013 sank der Zinsüberschuss um €96,3 Mio., oder um 7,2%, von €1.336,9 Mio. auf €1.240,6 Mio.. Der Posten Gesamte Zinsen und ähnliche Erträge sank um €322,4 Mio. oder um 13,9%, von €2.319,4 Mio. im ersten Quartal 2012 auf €1.997,0 Mio. im ersten Quartal 2013. Der Rückgang des Postens Gesamte Zinsen und ähnliche Erträge fußte hauptsächlich auf dem Rückgang der Zinserträge aus Kredit- und Geldmarktgeschäften mit Kunden, die um €253,5 Mio., oder um 16,2%, von €1.567,1 Mio. im ersten Quartal 2012 auf €1.313,6 Mio. im ersten Quartal 2013 zurückgingen. Die Zinserträge aus Schuldverschreibungen und anderen zinsbezogenen Wertpapieren fielen wesentlich um €94,9 Mio. bzw. 27,0% von €351,0 Mio. im ersten Quartal 2012 auf €256,1 Mio. im ersten Quartal 2013. Diese negative Entwicklung war in erster Linie einer niedrigen Zinslandschaft, der anhaltend gedämpften Nachfrage nach Krediten und den Auswirkungen der Reduzierung der Nicht-Kernvermögenswerte geschuldet. Im ersten Quartal 2013 sind die gesamten Zinsen und ähnlichen Aufwendungen um €226,5 Mio., oder um 22,9%, von €988,5 Mio. im ersten Quartal 2012 auf €762,0 Mio.



## Abschnitt B—Emittent

im ersten Quartal 2013 zurückgegangen. Die Hauptfaktoren für diese Entwicklung waren der Rückgang der Zinsaufwendungen für Einlagen von Kreditinstituten, die um €95,6 Mio., oder um 45,2%, von €211,3 Mio. im ersten Quartal 2012 auf €115,7 Mio. im ersten Quartal 2013 zurückgingen, sowie der Rückgang der Zinsaufwendungen auf Einlagen von Kunden, die um €100,8 Mio., oder um 21,6%, von €466,1 Mio. im ersten Quartal 2012 auf €365,3 Mio. im ersten Quartal 2013 zurückgingen. Diese Entwicklung spiegelte sowohl niedrigere Zinssätze und durchschnittliche Volumen solcher Verbindlichkeiten wider (trotz einer geringfügigen Erhöhung der Kundeneinlagen zum 31. März 2013 verglichen zum 31. Dezember 2012). Die Zinsspanne (Zinsüberschuss in Prozent der durchschnittlichen, zinstragenden Aktiva) ging von 2,87% im ersten Quartal 2012 auf 2,74% im ersten Quartal 2013 zurück. Die Risikovorsorgen im Kreditgeschäft zeigten einen positiven Trend und sanken um €178,4 Mio., oder um 30,7%, von €580,6 Mio. im ersten Quartal 2012 auf €402,2 Mio. im ersten Quartal 2013. Das Vorsorgeniveau sank in allen Kernmärkten mit Ausnahme von Kroatien und Serbien bzw. blieb unverändert. Im ersten Quartal 2013 stieg der Provisionsüberschuss um €17,9 Mio., oder um 4,2%, von €430,3 Mio. im ersten Quartal 2012 auf €448,2 Mio. im ersten Quartal 2013. Diese Entwicklung war hauptsächlich auf ein verbessertes Wertpapiergeschäft zurückzuführen, das um €20,1 Mio., oder um 22,2%, von €90,7 Mio. im ersten Quartal 2012 auf €110,8 Mio. im ersten Quartal 2013 anstieg. Das Handelsergebnis verschlechterte sich im ersten Quartal 2013 um €15,8 Mio., oder 16,9%, und sank von €93,6 Mio. im ersten Quartal 2012 auf €77,8 Mio. im ersten Quartal 2013. Eine wesentliche Verbesserung bei den Devisentransaktionen konnte den Rückgang des Ertrags aus dem Wertpapier- und Derivatehandel nicht ausgleichen, bei dem im ersten Quartal 2012 ein überdurchschnittliches Ergebnis verzeichnet worden war. Der Verwaltungsaufwand sank um €13,9 Mio., oder um 1,5%, von €945,1 Mio. im ersten Quartal 2012 auf €931,2 Mio. im ersten Quartal 2013. Der Personalaufwand sank um €5,9 Mio., oder um 1,0%, von €570,5 Mio. im ersten Quartal 2012 auf €564,6 Mio. im ersten Quartal 2013 aufgrund der Reduktion der Anzahl an Mitarbeitern. Der sonstige betriebliche Erfolg verschlechterte sich von €131,2 Mio. im ersten Quartal 2012 auf einen negativen Wert von €103,3 Mio. im ersten Quartal 2013. Im ersten Quartal 2012 war das positive Ergebnis in erster Linie auf einem einmaligen Ergebnis aus dem Rückkauf von Verbindlichkeiten bewertet zu fortgeführten Anschaffungskosten von €250,6 Mio. auf Grund des Rückkauf von Tier-1- und Tier-2-Instrumenten zurückzuführen. Die sonstigen Steuern stiegen um 22,0% von €62,2 Mio. im ersten Quartal 2012 auf €75,9 Mio. im ersten Quartal 2013, wovon €71,6 Mio. auf Bankensteuern in Österreich, in der Slowakischen Republik und in Ungarn zurückzuführen waren. Das Gesamtergebnis aus allen Kategorien an Finanzinstrumenten (Ergebnis aus Finanzinstrumenten At Fair Value through Profit or Loss, Ergebnis aus finanziellen Vermögenswerten Available for Sale und Ergebnis aus finanziellen Vermögenswerten Held to Maturity) verschlechterte sich von €20,8 Mio. im ersten Quartal

## Abschnitt B—Emittent

2012 auf einen negativen Wert von €28,5 Mio. im ersten Quartal 2013. Die positiven Ergebnisse im Available for Sale und Held to Maturity Portfolio konnten die geringeren Erträge aus Verkäufen und Bewertungseffekten im Fair Value Portfolio nicht ausgleichen.

Der den Eigentümern des Mutterunternehmens zurechenbare Periodengewinn/-verlust sank von €346,5 Mio. im ersten Quartal 2012, in dem besonders stark von einmaligen Effekten profitiert wurde, um 49,1% auf €176,2 Mio. im ersten Quartal 2013.

Im ersten Quartal 2013 sank die Summe der Aktiva von €213.824,0 Mio. zum 31. Dezember 2012 um €834,4 Mio., oder um 0,4%, auf €212.989,6 Mio. zum 31. März 2013. Dieser Rückgang der Summe der Aktiva war hauptsächlich auf die Verringerung der Forderungen an Kunden, vor allem in Ungarn und Rumänien, sowie auf die Abwertung bestimmter lokaler Währungen in Zentral- und Osteuropa gegenüber dem Euro, vor allem der tschechischen Krone und des ungarischen Forint, zurückzuführen. Während die Barreserven von €9.740,5 Mio. zum 31. Dezember 2012 auf €7.445,8 Mio. zum 31. März 2013 zurückgingen, stiegen die Forderungen an Kreditinstitute von €9.074,1 Mio. zum 31. Dezember 2012 auf €11.964,4 Mio. zum 31. März 2013 an. Die Rückzahlung der Mittel aus der „LTRO—Fazilität (Long-Term Refinancing Operation)“ wurde zum größten Teil durch eine erhöhte Interbankaktivität ausgeglichen.

### *Zum 31. Dezember 2012 und 2011 endende Geschäftsjahre*

Im Jahr 2012 sank der Zinsüberschuss von €5.569,0 Mio im Jahr 2011 um €333,7 Mio, oder um 6,0%, auf €5.235,3 Mio. Im Jahr 2012 sank der Posten Gesamte Zinsen und ähnliche Erträge um €555,5 Mio, oder um 5,9%, von €9.350,6 Mio im Jahr 2011 auf €8.795,1 Mio im Jahr 2012. Der Rückgang des Postens Gesamte Zinsen und ähnliche Erträge fußte hauptsächlich auf dem Rückgang der Zinserträge aus Kredit- und Geldmarktgeschäften mit Kunden, die um €468,7 Mio, oder um 7,3%, von €6.426,5 Mio im Jahr 2011 auf €5.957,8 Mio im Jahr 2012 zurückgingen. Diese Entwicklung war einer niedrigen Zinslandschaft und einer gedämpften Nachfrage nach Krediten, insbesondere nach Verbraucherkrediten, geschuldet. Im Jahr 2012 sind die gesamten Zinsen und Aufwendungen um €213,4 Mio, oder um 5,6%, von €3.789,6 Mio im Jahr 2011 auf €3.576,2 Mio im Jahr 2012 zurückgegangen. Zu den Hauptfaktoren für diese Entwicklung zählte der Rückgang der Zinsaufwendungen für verbrieftete Verbindlichkeiten, der um €105,7 Mio, oder um 10,2%, von €1.032,2 Mio im Jahr 2011 auf €926,5 Mio im Jahr 2012 zurückging, wobei sich darin niedrigere Zinssätze und ein niedrigeres durchschnittliches Volumen solcher Verbindlichkeiten widerspiegelten. Das niedrigere Niveau der Zinssätze führte auch zu einer Reduktion der Zinsaufwendungen für Verbindlichkeiten gegenüber Kunden, die trotz höherer durchschnittlicher Volumina der Verbindlichkeiten gegenüber Kunden um €90,7 Mio, oder um 5,0%, von €1.831,8 Mio im Jahr 2011 auf €1.741,1 Mio im Jahr 2012 sanken. Im Jahr 2012 sanken die Risikovorsorgen im

## Abschnitt B—Emittent

Kreditgeschäft um €286,9 Mio oder um 12,7%, von €2.266,9 Mio im Jahr 2011 auf €1.980,0 Mio im Kreditgeschäft in Ungarn (Sondervorsorgen in der Höhe von €450,0 Mio im Jahr 2011) und in der Tschechischen Republik zuzuschreiben, welche, zusammen mit niedrigeren Risikovorsorgen im Kreditgeschäft mit Kunden in Österreich, den Anstieg der Risikovorsorgen im Kreditgeschäft in Rumänien und Kroatien mehr als aufwog. Im Jahr 2012 sank der Provisionsüberschuss um €66,4 Mio, oder um 3,7%, von €1.787,2 Mio im Jahr 2011 auf €1.720,8 Mio im Jahr 2012. Dieser Rückgang war hauptsächlich auf ein rückläufiges Wertpapiergeschäft (vorwiegend in Österreich und in der Tschechischen Republik) als auch auf ein rückläufiges Kreditgeschäft (vorwiegend in der Tschechischen Republik) und auf ein rückläufiges Versicherungsvermittlungsgeschäft zurückzuführen, wohingegen Erste Groups Factoring Tochter Intermarket Bank AG, die mit Stichtag 1. August 2011 erstmalig im Wege der Vollkonsolidierung in den Konzernabschluss der Erste Group aufgenommen wurde, zum Provisionsüberschuss beitrug. Das Handelsergebnis verbesserte sich im Jahr 2012 um €151,1 Mio und stieg von €122,3 Mio im Jahr 2011 auf €273,4 Mio im Jahr 2012 an. Diese Entwicklung war hauptsächlich auf die Veränderungen des Fair Values des Portfolios an Credit Default Swaps, die im Geschäftsbereich International Business (der mittlerweile geschlossen wurde) gehalten wurden, zurückzuführen, die negative Auswirkungen in der Höhe von €182,6 Mio hatten. Der Verwaltungsaufwand sank um €94,2 Mio, oder um 2,4%, von €3.850,9 Mio im Jahr 2011 auf €3.756,7 Mio im Jahr 2012, ungeachtet steigender Inflationsraten im Jahr 2012. Der Personalaufwand sank um €39,6 Mio, oder um 1,7%, von €2.323,7 Mio im Jahr 2011 auf €2.284,1 Mio im Jahr 2012 aufgrund der Reduktion der Anzahl an Mitarbeitern. Diese sank um 1.071 Mitarbeiter (Vollzeitäquivalente), oder um 2,1%, von 50.452 Mitarbeitern (Vollzeitäquivalente) zum 31. Dezember 2011 auf 49.381 Mitarbeiter (Vollzeitäquivalente) zum 31. Dezember 2012. Dieser Rückgang gründete sich hauptsächlich auf Reorganisationsmaßnahmen in Ungarn, Rumänien und in der Ukraine. Im Jahr 2012 verbesserte sich der sonstige betriebliche Erfolg von einem negativen Wert in der Höhe von €1.589,9 Mio im Jahr 2011 zu einem negativen Wert in der Höhe von €724,3 Mio im Jahr 2012. Diese Verbesserung war hauptsächlich auf bedeutend geringere Wertberichtigungen auf Firmenwerte in der Höhe von €514,9 Mio, wovon €469,4 Mio auf die Banca Comercială Română und €45,5 Mio vorwiegend auf einige österreichische Tochtergesellschaften entfielen, zurückzuführen. Im Vergleich dazu kam es im Jahr 2011 zu Wertberichtigungen auf Firmenwerte in der Höhe von €1.064,6 Mio, wovon insbesondere €692,8 Mio auf die Banca Comercială Română und €312,7 Mio auf die Erste Bank Ungarn sowie €52,7 Mio auf einige österreichische Tochtergesellschaften entfielen. Die sonstigen Steuern stiegen von €163,5 Mio im Jahr 2011 auf €269,1 Mio im Jahr 2012, was größtenteils auf Bankensteuern in Österreich, in der Slowakischen Republik und in Ungarn zurückzuführen war. In der Slowakischen Republik wurde im Jahr 2012 eine Bankensteuer neu eingeführt, die zu einer Abgabepflicht in der Höhe von €31,5 Mio für das Jahr 2012 führte. In Ungarn

## Abschnitt B—Emittent

betrug die Bankensteuer im Jahr 2012 €47,3 Mio, während die Bankensteuer im Jahr 2011 mit Verlusten, die aus der gesetzlichen Erlaubnis zur vorzeitigen Rückzahlung von Fremdwährungskrediten zu fixen, unterhalb der damals marktgerechten Wechselkurse liegenden Wechselkursen resultierten, aufgerechnet wurde. In Österreich stieg die Bankensteuer um 25% und betrug insgesamt €165,2 Mio im Jahr 2012. Im Jahr 2012 verbesserte sich das Gesamtergebnis aus allen Kategorien an Finanzinstrumenten und finanziellen Vermögenswerten (Ergebnis aus Finanzinstrumenten At Fair Value through Profit or Loss, Ergebnis aus finanziellen Vermögenswerten Available for Sale und Ergebnis aus finanziellen Vermögenswerten Held to Maturity) von einem negativen Wert in der Höhe von €93,0 Mio im Jahr 2011 zu €32,7 Mio im Jahr 2012. Dieses positive Ergebnis war hauptsächlich auf höhere Erträge aus Verkäufen und niedrigere negative Bewertungseffekte im Available for Sale Portfolio zurückzuführen.

Der den Eigentümern des Mutterunternehmens zurechenbare Jahresgewinn für das Geschäftsjahr 2012 betrug €483,5 Mio, wohingegen den Eigentümern des Mutterunternehmens im Jahr 2011 ein Jahresverlust in der Höhe von €718,9 Mio zuzurechnen war.

Im Jahr 2012 stieg die Summe der Aktiva um €3.817,7 Mio, oder um 1,8%, von €210.006,3 Mio zum 31. Dezember 2011 auf €213.824,0 Mio zum 31. Dezember 2012 an. Dieses Wachstum war hauptsächlich auf den Anstieg der finanziellen Vermögenswerte zurückzuführen, der aus den Vorbereitungsmaßnahmen zur Einhaltung der erwarteten Basel 3 Liquiditätsvorschriften für 2014 und aus den Investitionen des Liquiditätsüberschusses aufgrund des Anstiegs der Einlagen von Kunden resultierte. Die Forderungen an Kreditinstitute stiegen von €7.577,7 Mio zum 31. Dezember 2011 auf €9.074,1 Mio zum 31. Dezember 2012 aufgrund der Einlage von Überschussliquidität an. Die Anstiege in den zur Veräußerung gehaltenen Vermögenswerten von €87,2 Mio zum 31. Dezember 2011 auf €708,1 Mio zum 31. Dezember 2012 wurden durch die Einstufung der Erste Bank Ukraine in Folge des Abschlusses des Verkaufsvertrages im Dezember 2012 in Einklang mit IFRS 5 als zur Veräußerung gehaltene Vermögenswerte ausgelöst.

### *Zum 31. Dezember 2011 und 2010 endende Geschäftsjahre*

Im Jahr 2011 stieg der Zinsüberschuss von €5.439,2 Mio im Jahr 2010 um €129,8 Mio, oder um 2,4%, auf €5.569,0 Mio im Jahr 2011. Die gesamten Zinsen und ähnlichen Erträge stiegen um €529,0 Mio, oder um 6,0%, von €8.821,6 Mio im Jahr 2010 auf €9.350,6 Mio im Jahr 2011. Der Anstieg der gesamten Zinsen und ähnlichen Erträgen spiegelt hauptsächlich den Anstieg der Zinserträge aus finanziellen Vermögenswerten—At Fair Value through Profit or Loss wider, die von €48,6 Mio im Jahr 2010 auf €322,3 Mio im Jahr 2011 gestiegen sind. Im Jahr 2011 stiegen die gesamten Zinsen und ähnlichen Aufwendungen um €386,2 Mio, oder 11,3%, von €3.403,4 Mio im Jahr 2010 auf €3.789,6 Mio im Jahr 2011 an. Der Anstieg der gesamten Zinsen und ähnlichen Aufwendungen spiegelt hauptsächlich den Anstieg der Zinsaufwendungen für Einlagen

## Abschnitt B—Emittent

von Kreditinstituten und Kunden vor dem Hintergrund größerer Volumina wider. Im Jahr 2011 stiegen die Risikovorsorgen im Kreditgeschäft um €245,9 Mio, oder 12,2%, von €2.021,0 Mio im Jahr 2010 auf €2.266,9 Mio im Jahr 2011 an. Dieser Anstieg war hauptsächlich auf Sondervorsorgen in Ungarn in der Höhe von €450,0 Mio, als Reaktion auf ein neues Gesetz in Ungarn, welches die vorzeitige Rückzahlung von Fremdwährungskrediten zu nicht marktgerechten Preisen zulässt, sowie auf die Anhebung der NPL-Deckungsquote zurückzuführen. In Österreich, der Tschechischen Republik und der Slowakischen Republik war ein positiver Risikokostentrend zu beobachten, der den signifikanten Anstieg in Ungarn teilweise ausglich. Im Jahr 2011 sank der Provisionsüberschuss um €55,3 Mio, oder 3,0%, von €1.842,6 Mio im Jahr 2010 auf €1.787,2 Mio im Jahr 2011. Dieser Rückgang war hauptsächlich auf ein rückläufiges Wertpapiergeschäft, vorwiegend in Österreich, sowie auf ein rückläufiges Bausparvermittlungs- und Investmentbankgeschäft zurückzuführen. Der Verwaltungsaufwand stieg um €34,1 Mio, oder 0,9%, von €3.816,8 Mio im Jahr 2010 auf €3.850,9 Mio im Jahr 2011 an. Der Personalaufwand stieg um €59,9 Mio, oder 2,6%, von €2.263,8 Mio im Jahr 2010 auf €2.323,7 Mio im Jahr 2011 an. Dieser Anstieg war teilweise durch Abfertigungszahlungen in der Tschechischen Republik, Rückstellungen für Abfertigungszahlungen in Ungarn und Rumänien sowie durch die Eingliederung der Informations-Technologie Austria GmbH in die s IT Solutions AT per 1. Juli 2010 bedingt. Der sonstige betriebliche Erfolg sank um €1.150,5 Mio von einem negativen Wert in der Höhe von €439,3 Mio im Jahr 2010 auf einen negativen Wert in der Höhe von €1.589,9 Mio im Jahr 2011. Hauptverantwortlich dafür waren Wertberichtigungen auf Firmenwerte im Ausmaß von insgesamt €1.064,6 Mio im Jahr 2011. Davon entfielen insbesondere €692,8 Mio auf die Banca Comerciala Româna als Folge einer niedrigeren Profitabilität des Bankensektors in Rumänien, €312,7 Mio auf die gänzliche Wertberichtigung des Firmenwerts der Erste Bank Ungarn im September 2011 wegen den schwierigen wirtschaftlichen Bedingungen in Ungarn und der Einführung eines Gesetzes, das die vorzeitige Rückzahlung von Fremdwährungskrediten zu fixen, unterhalb den damals marktgerechten Wechselkursen liegenden Wechselkursen gestattete, und €52,7 Mio auf einige österreichische Tochtergesellschaften, insbesondere auf regionale Sparkassen und Asset Management Aktivitäten. Die sonstigen Steuern stiegen um €91,6 Mio von €71,9 Mio im Jahr 2010 auf €163,5 Mio im Jahr 2011 an; einen wesentlichen Anteil daran hatten die Bankensteuern. In Österreich wurde die Bankensteuer im Jahr 2011 eingeführt und belief sich auf €132,1 Mio für die Erste Group Bank.

Im Jahr 2011 sank der den Eigentümern des Mutterunternehmens zurechenbare Jahresgewinn/-verlust um €1.597,6 Mio von einem den Eigentümern des Mutterunternehmens zurechenbaren Jahresgewinn in der Höhe von €878,7 Mio im Jahr 2010 auf einen den Eigentümern des Mutterunternehmens zurechenbaren Jahresverlust in der Höhe von €718,9 Mio im Jahr 2011. Dieser Rückgang spiegelt hauptsächlich den signifikanten Rückgang des Jahresgewinns/-verlusts vor Steuern wider, der von einem Jahresgewinn vor Steuern in der Höhe von €1.324,2 Mio im Jahr 2010 auf einen Jahresverlust vor Steuern in der Höhe von €322,2 Mio zurückging.

**Abschnitt B—Emittent**

		<p>Im Jahr 2011 stieg die Summe der Aktiva um €4.236,3 Mio, oder um 2,1%, von €205.770,0 Mio zum 31. Dezember 2010 auf €210.006,3 Mio zum 31. Dezember 2011 an. Dieser Anstieg in der Summe der Aktiva war auf eine Erhöhung der Barreserve in der Höhe von 61,2% von €5.839,4 Mio zum 31. Dezember 2010 auf €9.412,9 Mio zum 31. Dezember 2011 zurückzuführen, die in erster Linie aus der kurzfristigen zusätzlichen Liquidität aus der „Long-Term Refinancing Operation“ (LTRO) der EZB resultierte. Gleichzeitig sanken die Forderungen an Kreditinstitute um 39,4% von €12.496,5 Mio zum 31. Dezember 2010 auf €7.577,7 Mio zum 31. Dezember 2011 als Folge der Senkung des nicht zum Kerngeschäft gehörenden Bereiches.</p>
<b>B.8</b>	<b>Ausgewählte Pro-forma-Finanzangaben</b>	Entfällt (die Aufnahme von Pro-forma Finanzangaben ist nicht erforderlich).
<b>B.9</b>	<b>Gewinnprognosen und -schätzungen</b>	Entfällt (die Emittentin gibt keine Gewinnprognosen oder—schätzungen ab).
<b>B.10</b>	<b>Art etwaiger Einschränkungen der Bestätigungsvermerke zu den historischen Finanzinformationen</b>	Entfällt (es bestehen keine Einschränkungen der Bestätigungsvermerke).
<b>B.11</b>	<b>Erklärung, ob das Geschäftskapital des Emittenten ausreicht, um die bestehenden Anforderungen zu erfüllen</b>	Entfällt (das Geschäftskapital ist ausreichend).



<b>Abschnitt C—Wertpapiere</b>		
<b>C.1</b>	<b>Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere</b>  <b>Wertpapierkennnummern</b>	<p>Bis zu 83.897.737 neue Inhaberstückaktien (Stammaktien) mit einem Anteil am Grundkapital der Erste Group Bank von je €2,00 (jede eine „neue Aktie“ und zusammen die „neuen Aktien“) (das entspricht dem vollen Betrag des zugrunde liegenden genehmigten Kapitals, und nur bis zu einem entsprechenden Wert von ungefähr €660 Millionen des angestrebten Bruttoemissionserlöses).</p> <p>International Securities Identification Number (ISIN) der bestehenden Aktien: AT0000652011</p> <p>International Securities Identification Number (ISIN) der neuen Aktien: AT0000652011</p> <p>International Securities Identification Number (ISIN) der Bezugsrechte: AT0000A10QP8</p>
<b>C.2</b>	<b>Währung der Wertpapieremission</b>	Euro
<b>C.3</b>	<b>Zahl der ausgegebenen und voll eingezahlten Aktien und der ausgegebenen, aber nicht voll eingezahlten Aktien</b>  <b>Nennwert pro Aktie bzw. Angabe, dass die Aktien keinen Nennwert haben</b>	<p>Zum Datum dieses Prospekts beläuft sich das eingetragene Grundkapital der Erste Group Bank auf €789.137.294. Es ist unterteilt in 394.568.647 Inhaberstückaktien (Stammaktien), die jeweils einen Anteil von €2,00 am Grundkapital darstellen. Das eingetragene Grundkapital der Erste Group Bank ist voll einbezahlt.</p>
<b>C.4</b>	<b>Mit den Wertpapieren verbundene Rechte</b>	<p>Die neuen Aktien werden mit denselben Rechten ausgestattet sein wie alle anderen Aktien der Erste Group Bank und werden keine zusätzlichen Rechte oder Vorteile verleihen.</p> <p>Jede Aktie der Erste Group Bank, einschließlich der neuen Aktien, berechtigt ihren Inhaber zu einer Stimme auf der Hauptversammlung der Erste Group Bank. Hinsichtlich der Stimmrechte bestehen keine Beschränkungen. Alle Aktionäre der Erste Group Bank besitzen dieselben Stimmrechte.</p> <p>Die neuen Aktien gewähren einen uneingeschränkten Anspruch auf den Erhalt von Dividendenausschüttungen. Alle Aktien der Erste Group Bank, einschließlich der neuen Aktien, partizipieren bis zu ihrem vollen Nennwert an den Verlusten der Erste Group Bank und haben das Recht auf Beteiligung am Liquidationserlös. Im Falle einer Liquidation, Auflösung oder Insolvenz der Erste Group Bank oder von Verfahren zur Vermeidung einer Insolvenz des Emittenten werden keinerlei Zahlungen im Zusammenhang mit den Aktien der Erste Group Bank vorgenommen, bis alle Gläubiger (mit Ausnahme von Gläubigern, deren Ansprüche im gleichen Rang mit dem Grundkapital stehen) befriedigt oder geschützt wurden.</p> <p>Die neuen hier angebotenen Aktien, verleihen kein Recht, zusätzliche neue Aktien, die hier angeboten werden zu zeichnen.</p>

### Abschnitt C—Wertpapiere

<b>C.5</b>	<b>Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere</b>	Entfällt (die neuen Aktien und die Rechte gemäß § 153 (1) österreichisches Aktiengesetz 1965 in der geltenden Fassung (das „Aktiengesetz“), neue Aktien zu erwerben (die „Bezugsrechte“), können nach Maßgabe des anwendbaren Rechts und der anwendbaren Regeln der Oesterreichischen Kontrollbank Aktiengesellschaft („OeKB“) in ihrer Funktion als Wertpapiersammelbank frei übertragen werden).
<b>C.6</b>	<b>Antrag auf Zulassung zum Handel an einem geregelten Markt / Nennung der geregelten Märkte, auf denen die Wertpapiere gehandelt werden sollen.</b>	<p>Die Erste Group Bank wird einen Antrag auf Zulassung zum Handel mit den neuen Aktien (i) im Amtlichen Handel der Wiener Börse, (ii) im Prime Market der Prager Börse und (iii) in der International Share Category der Börse Bukarest stellen und erwartet die Erteilung der Genehmigungen am 4. Juli 2013, und, dass der Handel (i) am Prime Market der Wiener Börse und (ii) in der International Share Category der Börse Bukarest, jeweils am oder um den 5. Juli 2013 beginnen wird, und am Prime Market der Prager Börse am oder um den 8. Juli 2013.</p> <p>Die Erste Group Bank wird einen Antrag auf Zulassung zum Handel der Bezugsrechte an der Wiener Börse stellen. Es wird erwartet, dass der Handel der Bezugsrechte am oder um den 9. Juli 2013 beginnt, und am oder um den 11. Juli 2013 endet.</p>
<b>C.7</b>	<b>Dividendenpolitik</b>	In Bezug auf Stammaktien basiert Erste Group Bank's Dividendenpolitik nicht auf einem festen Ausschüttungsgrundsatz. Angesichts der signifikant verbesserten Erträge des Geschäftsjahres 2012, verglichen mit dem Geschäftsjahr 2011, schüttete die Erste Group Bank eine Dividende in Höhe von €0,40 pro Aktie am 24. Mai 2013 für das Geschäftsjahr 2012 aus. Auf diesem Niveau war der Ausschüttungsgrundsatz in Einklang mit den historischen Niveaus von ungefähr 20% bis 30%, mit Ausnahme des Geschäftsjahres 2011. Erste Group Bank beabsichtigt in der Zukunft weiterhin eine Dividendenausschüttung auf Stammaktien in einer Höhe, die von Rentabilität, Wachstumsprognose und Kapitalbedarf der Erste Group abhängen wird.

## Abschnitt D—Risiken

D.1

**Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind**

### **Mit dem Geschäft der Erste Group verbundene Risiken**

- Die schwierigen volkswirtschaftlichen Bedingungen und jene am Finanzmarkt können erhebliche nachteilige Auswirkungen auf die Geschäftstätigkeit, die Finanz- und Ertragslage sowie die Zukunftsaussichten der Erste Group haben.
- Die Erste Group wurde und kann weiterhin von der anhaltenden europäischen Staatsschuldenkrise beeinflusst und zu Abschreibungen von Staatsanleihen einiger Länder gezwungen werden.
- Die Erste Group hat und könnte in Zukunft auch weiterhin eine Verschlechterung der Bonität aufgrund von Finanzkrisen oder Konjunkturschwächen erfahren.
- Die Erste Group unterliegt erheblichem Kreditrisiko, und Ausfälle von Gegenparteien können zu Verlusten führen, die die Rückstellungen der Erste Group übersteigen.
- Die Absicherungsstrategien der Erste Group könnten sich als unwirksam erweisen.
- Die Erste Group ist sinkenden Werten der Sicherheiten für gewerbliche und private Immobilienkredite ausgesetzt.
- Marktschwankungen und Volatilität können sich negativ auf den Wert der Aktiva der Erste Group auswirken, die Rentabilität reduzieren und es schwieriger machen, den Fair Value bestimmter Vermögenswerte festzustellen.
- Die Erste Group unterliegt dem Risiko, dass Liquidität nicht ohne weiteres zur Verfügung steht.
- Ratingagenturen können ein Rating der Erste Group Bank oder eines Landes, in dem die Erste Group tätig ist, aussetzen, herabstufen oder zurückziehen, was sich negativ auf die Refinanzierungsbedingungen der Erste Group Bank, insbesondere auf den Zugang zu den Fremdkapitalmärkten, auswirken kann.
- Neue aufsichtsrechtliche oder staatliche Anforderungen und Änderungen des wahrgenommenen Grades an adäquater Eigenkapitalausstattung sowie des Liquiditäts- und Verschuldungsgrades könnten die Erste Group erhöhten Eigenkapital- und Liquiditätsanforderungen oder Standards unterwerfen und sie dazu anhalten, sich in der Zukunft mit zusätzlichem Eigenkapital oder zusätzlicher Liquidität eindecken zu müssen.
- Trotz der Risikomanagementstrategien und der internen Kontrollverfahren der Erste Group kann diese unbekanntem und unerwarteten Risiken ausgesetzt sein.
- Das Geschäft der Erste Group unterliegt operativen Risiken.
- Die Erste Group könnte Schwierigkeiten haben, qualifizierte Mitarbeiter anzuwerben oder zu binden.
- Ein Ausfall, eine Unterbrechung oder eine Verletzung von Sicherheitsbestimmungen von Informationssystemen der Erste Group, sowie jegliche Nicht-Aktualisierung dieser Systeme, können Geschäfts- und andere Verluste zur Folge haben.

## Abschnitt D—Risiken

- Die Erste Group könnte gezwungen sein, angeschlagenen Banken im Haftungsverbund finanzielle Unterstützung zu gewähren, was zu bedeutenden Kosten und einer Minderung ihrer Ressourcen zur Finanzierung anderer Aktivitäten führen könnte.
- Zinsänderungen werden durch viele Faktoren verursacht die außerhalb des Einflussbereichs der Erste Group liegen, und solche Änderungen können wesentliche negative Auswirkungen auf ihre finanzielle Ertragslage (einschließlich den Zinsüberschuss) haben.
- Da ein großer Teil der Aktivitäten, Vermögenswerte und Kunden der Erste Group auf Länder in CEE, die nicht der Eurozone angehören, konzentriert ist, sind die Erste Group und deren Kunden Währungsrisiken ausgesetzt.
- Es könnte für Erste Group nicht möglich sein, BCR wieder in die Gewinnzone zu bringen oder könnte Erste Group gezwungen sein, weitere Wertberichtigungen auf frühere Akquisitionen vorzunehmen.
- Veränderungen der Sicherheitsstandards der EZB könnten negative Auswirkungen auf die Finanzierung der Erste Group und deren Eindeckung mit Liquidität haben.
- Die Erste Group ist in wettbewerbsintensiven Märkten tätig und konkurriert mit großen internationalen Finanzinstituten wie auch etablierten lokalen Mitbewerbern.
- Der Hauptaktionär der Erste Group kann Aktionärsmaßnahmen kontrollieren.
- Vertragliche Vereinbarungen mit der Republik Österreich könnten die Geschäftstätigkeit der Erste Group beeinflussen.
- Die Einhaltung von Vorschriften im Zusammenhang mit Maßnahmen zur Verhinderung von Geldwäsche, Korruption und Terrorismusfinanzierung bringt erhebliche Kosten und Aufwendungen mit sich und die Nichteinhaltung dieser Vorschriften kann schwerwiegende rechtliche sowie rufschädigende Folgen haben.
- Änderungen in der Konsumentenschutzgesetzgebung sowie in der Anwendung und Auslegung solcher Gesetze können zu einer Beschränkung jener Gebühren und anderer Preise führen, welche die Erste Group für bestimmte Bankentransaktionen in Rechnung stellt und könnte es Konsumenten ermöglichen, einen Teil der bereits in der Vergangenheit bezahlten Gebühren zurückzufordern.
- Die Eingliederung von potentiellen zukünftigen Akquisitionen kann zu zusätzlichen Herausforderungen führen.

### **Risiken, die mit jenen Märkten verbunden sind, auf denen die Erste Group tätig ist**

- Das Ausscheiden eines oder mehrerer Länder aus der Eurozone könnte unvorhersehbare Folgen für das Finanzsystem und die Gesamtwirtschaft haben, was wahrscheinlich zu Rückgängen der Geschäftsvolumina sowie zu Wertminimierungen von Vermögenswerten und Verlusten im Rahmen des Geschäftsbetriebs der Erste Group führen würde.

## Abschnitt D—Risiken

		<ul style="list-style-type: none"> <li>• Die Erste Group ist in Schwellenländern tätig, die schnellen wirtschaftlichen oder politischen Veränderungen unterliegen können, wodurch die Finanz- und Ertragslage der Erste Group negativ beeinflusst werden könnte.</li> <li>• Zugesagte Mittel der Europäischen Union können nicht freigegeben und weitere Hilfsprogramme können durch die Europäische Union nicht beschlossen werden.</li> <li>• Der Verlust des Vertrauens der Kunden in die Geschäftstätigkeit der Erste Group oder in Bankgeschäfte generell könnte zu unerwartet hohen Abflüssen von Kundeneinlagen führen, womit erhebliche nachteilige Auswirkungen auf die Ertrags- und Finanzlage sowie die Liquidität der Erste Group verbunden sein könnten.</li> <li>• Liquiditätsprobleme einzelner Länder in CEE können sich nachteilig auf einen größeren Bereich CEEs auswirken und könnten die Finanz- und Ertragslage der Erste Group negativ beeinflussen.</li> <li>• Die Regierungen in jenen Ländern, in denen die Erste Group tätig ist, können auf Finanz- und Wirtschaftskrisen mit erhöhtem Protektionismus, Verstaatlichungen oder ähnlichen Maßnahmen reagieren.</li> <li>• Ein langsames Wachstum oder eine Rezession im Bankenbereich, in dem die Erste Group tätig ist, sowie eine langsamere Vergrößerung der Eurozone und der Europäischen Union können sich zu Lasten der Erste Group auswirken.</li> <li>• Die Rechtssysteme und die Verfahrensgarantien sind in vielen Ländern CEEs, insbesondere in den osteuropäischen Ländern noch nicht gänzlich entwickelt.</li> <li>• Die anwendbaren Insolvenzgesetze oder andere Gesetze bzw Bestimmungen in verschiedenen Ländern CEEs, die Gläubigerrechte regeln, können die Fähigkeit der Erste Group, Zahlungen auf nicht bediente Kredite zu erhalten, beschränken.</li> <li>• Die Erste Group kann dazu gezwungen sein, staatliche Unterstützungsprogramme für Kreditinstitute zu finanzieren oder an diesen teilzunehmen oder staatliche Budgetkonsolidierungsprogramme zu finanzieren, insbesondere durch die Einführung von Bankensteuern oder anderer Abgaben.</li> </ul>
D.3	<p><b>Zentrale Risiken, die den Wertpapieren eigen sind</b></p>	<p><b>Risiken, die mit dem kombinierten Angebot und den neuen Aktien verbunden sind</b></p> <ul style="list-style-type: none"> <li>• Sollte es für Erste Group Bank nicht möglich sein, ungefähr EUR 630 Mio. an Netto-Emissionserlös von diesem kombinierten Angebot zu erzielen, könnte die beabsichtigte Einziehung des Partizipationskapitals nicht nach dem vorgesehenen Zeitplan oder gar nicht durchgeführt werden.</li> <li>• Aktionäre, die beschließen, nicht am kombinierten Angebot teilzunehmen, werden eine Verwässerung ihrer Bestände in der Erste Group Bank hinnehmen müssen.</li> <li>• Der Preis der Aktien könnte schwanken, was auf eine große Bandbreite an Faktoren zurückzuführen ist, von denen viele außerhalb der Kontrolle der Erste Group Bank liegen.</li> </ul>

## Abschnitt D—Risiken

- Zukünftige Verkäufe von oder Ausschüttungen auf die Aktien von Erste Group Bank seitens der Hauptaktionäre könnten den Marktpreis der neuen Aktien drücken.
- Es kann keine Zusicherung gegeben werden, dass ein Handel mit den Bezugsrechten stattfinden wird oder dass, wenn es zum Handel kommt, der Preis der Bezugsrechte keinen höheren Fluktuationen unterliegt als der Preis der Aktien.
- Die Möglichkeit der Erste Group Bank, auf Aktien Dividenden auszuschütten, wird vom Vorliegen eines verteilungsfähigen Gewinnes abhängen und die Dividendenausüttungen können selbst dann unterbleiben, wenn ein verteilungsfähiger Gewinn vorhanden ist.
- Die Rechte der Aktionäre, Dividendenausüttungen zu erhalten, gehen in struktureller und tatsächlicher Hinsicht den Ansprüchen bestehender und künftiger Gläubiger der Tochtergesellschaften der Erste Group nach.
- Aktionäre sind dem Risiko nachteiliger Änderungen von Fremdwährungskursen und nachteiliger steuerlicher Konsequenzen ausgesetzt.
- Die Rechte der Aktionäre eines österreichischen Unternehmens könnten sich von den Rechten der Aktionäre eines Unternehmens, das einer anderen Rechtsordnung unterliegt, unterscheiden.
- Eine Aussetzung des Handels mit den Aktien könnte sich negativ auf den Aktienkurs auswirken.
- Bestimmten Aktionären ist es eventuell nicht möglich, an zukünftigen Aktienangeboten der Erste Group Bank teilzunehmen.
- Einbehaltungen gemäß dem US-amerikanischen Foreign Account Tax Compliance Act könnten sich auf die Zahlungen auf die neuen Aktien auswirken.
- Der Emissionsübernahmevertrag zwischen der Erste Group Bank, und den Managern unterliegt den üblichen Konditionen.
- Der Erwerb neuer Aktien im Rahmen der institutionellen Vorabplatzierung unterliegt zum Teil der Rückforderung und aufgeschobenen Abrechnung.



### Abschnitt E—Angebot

<p><b>E.1</b></p>	<p><b>Gesamtnettoerlöse und geschätzte Gesamtkosten der Emission/des Angebots, einschließlich der geschätzten Kosten, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden</b></p>	<p>Basierend auf einem angenommenen endgültigen Bezugs- und Angebotspreis von €20,51 pro neuer Aktie für das kombinierte Angebot, auf das sich dieser Prospekt bezieht und welcher dem Schlusskurs der bestehenden Aktien der Erste Group Bank an der Wiener Börse am 28. Juni 2013 entspricht, erwartet die Erste Group Bank einen Nettoerlös aus diesem kombinierten Angebot von ungefähr €630 Millionen, wenn 31.179.425 neue Aktien gezeichnet werden (basierend auf der Annahme, dass die neuen Aktien zu einem endgültigen Bezugs- und Angebotspreis von €20,51 pro neuer Aktie ausgegeben werden, dies entspricht dem Schlusskurs der bestehenden Aktien an der Wiener Börse am 28. Juni 2013, und einem angestrebten Bruttoemissionserlös des kombinierten Angebots von €660 Millionen), und nach Abzug von Gesellschaftssteuer, Bankprovisionen und Emissionskosten von geschätzten €30 Millionen.</p> <p>Weder die Erste Group Bank noch J.P. Morgan Securities plc. („J.P. Morgan“) oder Morgan Stanley Bank AG („Morgan Stanley“ und zusammen mit der Erste Group Bank und J.P. Morgan die „gemeinsamen globalen Koordinatoren und gemeinsamen Konsortialführer“) noch COMMERZBANK Aktiengesellschaft („Commerzbank“) noch ING Bank N.V. („ING“ und zusammen mit J.P. Morgan, Morgan Stanley und Commerzbank, die „Manager“) werden Gebühren für die Zeichnung der neuen Aktien bzw. den Erwerb der neuen Aktien berechnen. Depotbanken, Verwahrer oder andere Finanzintermediäre, über die Angebotsempfänger ihre Bezugsrechte halten bzw. ihre Kaufaufträge einreichen, können übliche Bankprovisionen für die Ausübung der Bezugsrechte oder die Platzierung von Kaufaufträgen im Namen der Angebotsempfänger berechnen. Den Angebotsempfängern wird empfohlen, sich selbst über diese Kosten zu informieren.</p>
<p><b>E.2a</b></p>	<p><b>Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse</b></p> <p><b>Gründe für das Angebot</b></p>	<p>Erste Group hat eine lange Tradition betreffend die Einhaltung der von Regulierungsbehörden aufgestellten Kapitalausstattung weit über das Minimum hinaus und betreffend der Erfüllung der anwendbaren Anforderungen der Kapitalquoten vor offiziellem Fristenablauf. Der Vorstand und der Aufsichtsrat sind der Meinung, dass es ratsam und im besten Interesse aller Aktionäre der Erste Group Bank ist, proaktiv die Kapitalbasis der Erste Group Bank zu stärken, insbesondere im Hinblick auf die zunehmende Verschärfung der Eigenmittelanforderungen, die sich auf die bestehenden Kapitalinstrumente der Erste Group Bank auswirken.</p>

## Abschnitt E—Angebot

### Verwendung der Erlöse und erwartete Höhe des Nettoerlöses

Basierend auf einem angenommenen endgültigen Zeichnungs- und Angebotspreis von €20,51 pro neuer Aktie, bei dem es sich um den Schlusskurs der bestehenden Aktien an der Wiener Börse am 28. Juni 2013 handelt, geht Erste Group Bank von Nettoerlösen des kombinierten Angebots in Höhe von circa €630 Mio. aus, wenn 31.179.425 neue Aktien gezeichnet werden (basierend auf der Annahme, dass die neuen Aktien zu einem endgültigen Bezugs- und Angebotspreis von €20,51 pro neuer Aktie ausgegeben werden, dies entspricht dem Schlusskurs der bestehenden Aktien an der Wiener Börse am 28. Juni 2013 und einem angestrebten Bruttoemissionserlös des kombinierten Angebots von €660 Millionen), und nach Abzug von Kapitalsteuern, Zeichnungsprovisionen und Kosten des Angebots von geschätzten €30 Mio.

Erste Group Bank plant, die Nettoerlöse aus dem kombinierten Angebot zu nutzen, um die Kapitalbasis von Erste Group Bank zu stärken und bestimmte Kennzahlen von Erste Group Bank und Erste Group nach der in Erwägung gezogenen Rückzahlung der Partizipationsscheine zu erhöhen (wie nachstehend beschrieben). Das zusätzliche Stammkapital durch das kombinierte Angebot liefert zudem Flexibilität für potenzielle neue oder geänderte regulatorische Anforderungen in Bezug auf den Verschuldungsgrad und zur Erfüllung der Erwartungen des Marktes im Hinblick auf höheres Kernkapital im Bankensektor.

Erste Group's Tier-1-Kernkapitalquote würde sich (in Anwendung der Kapitaladäquanz Regeln im Rahmen der Anwendung des Rahmenwerks von Basel 2.5 ohne (i) Partizipationskapital und (ii) Gewinnrücklagen des ersten Quartals 2013) auf 10,2% zum 31. März 2013 belaufen, angepasst um den angestrebten Nettoemissionserlös aus dem kombinierten Angebot von circa €630 Mio. Das wäre ein Wachstum von 0,6 Prozentpunkten gegenüber der ausgewiesenen Tier-1-Kernkapitalquote von 9,6% zum 31. März 2013. Basierend auf dieser Stärkung der Kapitalstruktur erwartet Erste Group, die angestrebte komplett ausgestattete Tier-1-Stammkapitalquote von 10% gemäß Basel 3 zum 31. Dezember 2014 zu erzielen.

Gleichzeitig wird ansonsten ein wesentlicher Anteil des Partizipationskapitals (gehalten von der Republik Österreich) die aufsichtsrechtliche Anerkennung für das Jahr 2017 und somit die unterstützende Wirkung auf die Tier-1-Kernkapitalquote von Erste Group verlieren. Zusätzlich wird die geplante Einziehung des Partizipationskapitals die Fähigkeit der Erste Group, Kapital zu generieren und Kapitalquoten zu verbessern, weiter stärken, da ab 2014 keine jährlichen Dividendenzahlungen aus dem Partizipationskapital mehr erforderlich sind. Ohne die Rückzahlung des Partizipationskapitals würden die Dividenden auf die Partizipationsscheine, die sich derzeit auf 8,0% p.a. belaufen, ab 2014 stufenweise weiter erhöhen. Für die Geschäftsjahre endend zum 31. Dezember 2014 und 2015 würden sich die Brutto-Einsparungen aus Dividendenzahlungen auf die Partizipationsscheine auf €149 Mio. bzw. €158 Mio., jeweils nach Steuern, mit sogar noch höheren Brutto-Einsparungen in nachfolgenden Jahren belaufen.

### Abschnitt E—Angebot

		<p>Dividendenzahlungen an Inhaber von Partizipationsscheinen erfolgen generell vor der Ausschüttung von Dividenden an Aktionäre von Erste Group Bank. Sofern keine Zahlung von Dividenden auf Stammaktien der Erste Group Bank erfolgt, ist Erste Group Bank nicht verpflichtet, Dividenden auf Partizipationsscheine zu zahlen (unabhängig davon, ob ausschüttungsfähige Jahresgewinne zur Verfügung stehen). Auf dieser Basis ist beabsichtigt, der Hauptversammlung im Jahr 2014 vorzuschlagen, eine Entscheidung über Dividendenzahlungen auf Partizipationsscheine für das Geschäftsjahr endend zum 31. Dezember 2013 zu treffen, im Rahmen derer auf anteiliger Basis des Zeitraums im Geschäftsjahr endend zum 31. Dezember 2013 bis zur Rückzahlung der Partizipationsscheine berücksichtigt wird.</p>
<b>E.3</b>	<b>Beschreibung der Angebotskonditionen</b>  <b>Das kombinierte Angebot</b>	<p>Das Angebot von bis zu 83.897.732 neuen Aktien (das entspricht dem vollen Betrag des zu Grunde liegenden genehmigten Kapitals, und nur bis zu einem entsprechenden Wert von zirka €660 Millionen des angestrebten Bruttoemissionserlöses), auf das sich der Prospekt bezieht, besteht aus: (i) einem Angebot zur Zeichnung für bestehende Aktionäre der Erste Group Bank und Erwerber von Bezugsrechten (die "Bezugsberechtigten" und jeder von ihnen der "Bezugsberechtigte") (zusammen die „Aktionäre“ und einzeln ein „Aktionär“) (das „Bezugsangebot“); und (ii) einem Angebot zum Erwerb, das ausgewählten, qualifizierten institutionellen Anlegern vor dem Beginn des Bezugsangebots gemacht wird welches, zum Teil der Rückforderung und aufgeschobenen Abrechnung unterliegt (die „institutionelle Vorabplatzierung“ und zusammen mit dem Bezugsangebot, das „kombinierte Angebot“) und die Form eines beschleunigten Bookbuilding-Verfahrens haben wird.</p> <p>Die institutionelle Vorabplatzierung unterliegt zum Teil der Rückforderung und aufgeschobenen Abrechnung, um zu gewährleisten, dass die Bezugsrechten zurechenbaren neuen Aktien, auf die von bestimmten Aktionären verzichtet wurde, zur Zeichnung durch die Aktionäre im Rahmen des Zeichnungsangebots zur Verfügung stehen.</p> <p>Das kombinierte Angebot wird (i) in den Vereinigten Staaten durch Privatplatzierungen an qualifizierte institutionelle Anleger („QIBs“) in Übereinstimmung mit Rule 144A des US Securities Act von 1933 in der derzeit gültigen Fassung (der „Securities Act“); und (ii) durch Privatplatzierungen außerhalb der Vereinigten Staaten an ausgewählte, qualifizierte, institutionelle Anleger durchgeführt. Darüber hinaus wird das Bezugsangebot öffentliche Angebote in Österreich, der Tschechischen Republik und Rumänien umfassen. Das kombinierte Angebot außerhalb der Vereinigten Staaten wird im Einklang mit Regulation S des Securities Act durchgeführt.</p> <p>Bestimmte Aktionäre, darunter Erste Stiftung, Sparkassen Beteiligungs- GmbH &amp; Co. KG, CaixaBank, S.A. Austria Versicherungsverein auf Gegenseitigkeit Privatshftung und bestimmte Sparkassen, haben auf ihre Bezugsrechte zum Teil der zur Gänze (die „verzichteten Bezugsrechte“) verzichtet.</p>

### Abschnitt E—Angebot

	<b>Angebotspreis, Bezugspreis und maximale Anzahl an neuen Aktien</b>	<p>Zur Ermöglichung des kombinierten Angebots hat Erste Stiftung eine Vereinbarung mit J.P. Morgan und Morgan Stanley abgeschlossen, welche den gemeinsamen globalen Koordinatoren und gemeinsamen Konsortialführern (ausgenommen Erste Group Bank) eine Option zum Kauf von bestehenden Aktien bis zu einen Gesamtwert von circa €80 Mio., gehalten von Erste Stiftung, zum endgültige Bezugs- und Angebotspreis (wie unten definiert) für die neuen Aktien des kombinierten Angebots einräumt. Erste Group Bank erhält keinen Erlös für den Verkauf derartiger Aktien, wenn die gemeinsamen globalen Koordinatoren und gemeinsamen Konsortialführer (ausgenommen Erste Group Bank) die Option zum Kauf von bestehenden Aktien bis zu einen Gesamtwert von circa €80 Mio., gehalten von Erste Stiftung, zum endgültigen Bezugs- und Angebotspreis ausüben. Gemäß einer entsprechenden Vereinbarung zwischen Erste Group Bank und Erste Stiftung hat sich Erste Group Bank damit einverstanden erklärt, eine Bereitstellungsprovision in der Höhe von €3,3 Millionen an Erste Stiftung als Gegenleistung für die Einräumung der Option durch Erste Stiftung zu bezahlen. Basierend auf der jüngsten Stimmrechtsmitteilung von Erste Stiftung und unter der Annahme dass (i) 32.179.425 neue Aktien im kombinierten Angebot ausgegeben werden (basierend auf der Annahme, dass die neuen Aktien zu einem endgültigen Bezugs- und Angebotspreis von €20,51 pro neuer Aktie ausgegeben werden, dies entspricht dem Schlusskurs der bestehenden Aktien an der Wiener Börse am 28. Juni 2013, und einem angestrebten Bruttoemissionserlös des kombinierten Angebots von €660 Millionen), und (ii) Erste Stiftung Sparkassen Beteiligungs GmbH &amp; Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung und bestimmte Sparkassen werden die Bezugsrechte soweit sie vorab darauf verzichtet haben, nicht ausüben werden; 24,41% der Stimmrechte von Erste Group Bank werden nach dem kombinierten Angebot der Erste Stiftung zuzurechnen sein (nicht unter Anrechnung der Zeichnung von neuen Aktien im Bezugsangebot durch Aktionäre deren Aktien der Erste Stiftung zurechenbar sind). Sollte das vorhergehend beschriebene Optionsrecht zum Teil oder zur Gänze von J.P. Morgan und Morgan Stanley ausgeübt werden, wird der Prozentsatz des Stimmrechts der Erste Stiftung in Erste Group Bank weiter abnehmen.</p> <p>Der Bezugspreis der neuen Aktien im Rahmen des Bezugsangebots (der "Bezugspreis") entspricht dem Angebotspreis für die neuen Aktien bei der institutionellen Vorabplatzierung (der "Angebotspreis"). Der maximale Bezugspreis und Angebotspreis (der "maximale Bezugs- und Angebotspreis") wurde auf €25,00 pro neuer Aktie festgesetzt.</p>
--	---	--

## Abschnitt E—Angebot

	<b>Institutionelle Vorabplatzierung</b>	<p>Die endgültige Anzahl neuer Aktien, die im Rahmen des kombinierten Angebots emittiert wird, das Bezugsverhältnis im Bezugsangebot sowie der endgültige Bezugs- und Angebotspreis (der "endgültige Bezugs- und Angebotspreis") wird von Erste Group Bank in Absprache mit den gemeinsamen globalen Koordinatoren und gemeinsamen Konsortialführern (ausgenommen Erste Group Bank) nach Ablauf des Vorabplatzierungszeitraums in Bezug auf die institutionelle Vorabplatzierung am oder um den 2. Juli 2013 festgelegt. Der endgültige Bezugs- und Angebotspreis wird dem maximalen Bezugs- und Angebotspreis entsprechen oder niedriger sein. Die Festsetzung erfolgt auf Basis des Orderbuchs, das im beschleunigten Bookbuildingverfahren der institutionellen Vorabplatzierung erstellt wird, wobei der aktuelle Börsenkurs der bereits bestehenden Aktien der Erste Group Bank an der Wiener Börse zum Zeitpunkt der Preisfestlegung berücksichtigt wird, die am oder um den 2. Juli 2013 erwartet wird. Die endgültige Anzahl der neuen Aktien, die im kombinierten Angebot angeboten werden wird unter Berücksichtigung des angestrebten Nettoerlöses aus dem kombinierten Angebot in der Höhe von zirka €630 Millionen und des endgültigen Bezugs- und Angebotspreises festgelegt. Sollte der angestrebte Nettoerlös durch Ausgabe von weniger als 83.897.737 neuen Aktien erreicht werden, was die Obergrenze des kombinierten Angebots darstellt, kann Erste Group Bank nach alleinigem Ermessen entscheiden, weniger als 83.897.737 neue Aktien zu emittieren. Das Bezugsverhältnis im Bezugsangebot wird auf der Grundlage des Verhältnisses zwischen endgültiger Anzahl neuer Aktien und Anzahl bestehender Aktien berechnet.</p> <p>Der endgültige Bezugs- und Angebotspreis, die endgültige Anzahl der im kombinierten Angebot angebotenen neuen Aktien und das Bezugsverhältnis im Bezugsangebot in werden unter anderem mittels Ad-hoc-Meldung, über elektronische Medien sowie auf der Homepage der Erste Group Bank (<a href="http://www.erstegroup.com">www.erstegroup.com</a>) am oder um den 2. Juli 2013 bekannt gemacht und veröffentlicht. Der endgültige Bezugs- und Angebotspreis, die endgültige Anzahl der im kombinierten Angebot angebotenen neuen Aktien und das Bezugsverhältnis im Bezugsangebot werden außerdem am oder um den 2. Juli 2013 auf den Homepages in der Tschechischen Republik und Rumänien bekannt gemacht sowie, am oder um den 3. Juli 2013 gemäß § 7 Abs 5 Kapitalmarktgesetz 1991 in der geltenden Fassung, bei der FMA hinterlegt.</p> <p>Der Zeitraum, in dem institutionelle Investoren neue Aktien im Rahmen der institutionellen Vorabplatzierung erwerben können (der "Vorabplatzierungszeitraum"), ist vom 1. Juli bis 2. Juli 2013.</p>
--	---	---

## Abschnitt E—Angebot

### Bezugsangebot

Käufer von neuen Aktien bei der institutionellen Vorabplatzierung werden informiert, dass der Kauf einen Rücktrittsvorbehalt und aufgeschobener Abwicklung unterliegt, und zwar in Bezug auf einen Prozentsatz von neuen Aktien, der dem Verhältnis von neuen Aktien, die nicht den verzichteten Bezugsrechten (die "Streubesitzbezugsaktien") zurechenbar sind, und der Gesamtzahl an neuen Aktien entspricht, die bei der institutionellen Vorabplatzierung, deren Kauf Rücktrittsvorbehalt und aufgeschobener Abwicklung unterliegt, angeboten werden. J.P. Morgan und Morgan Stanley haben einen Optionsvertrag mit Erste Stiftung, abgeschlossen, die den gemeinsamen globalen Koordinatoren und gemeinsamen Konsortialführern (ausgenommen Erste Group Bank) eine Option zum Kauf von bestehenden Aktien, bis zu einem Gesamtwert von circa €80 Mio., zum endgültigen Bezugs- und Angebotspreis, gehalten von Erste Stiftung, gewährt, für den Fall, dass die Zeichnung von Streubesitzaktien eine bestimmte Schwelle überschreitet, und zusätzliche Aktien zum Zeitpunkt des Kaufs der neuen Aktien einem Rücktrittsvorbehalt und aufgeschobener Abwicklung unterliegen. Das heißt, dass die Lieferung erworbener Aktien, die Rücktrittsvorbehalt und aufgeschobener Abwicklung unterliegen, wenn überhaupt, erst nach Ende der Bezugsfrist für das Bezugsangebot, gleichzeitig mit der Lieferung von neuen Aktien, die im Rahmen des Bezugsangebots gezeichnet wurden, erfolgt. Die Lieferung erfolgt aus den Streubesitzbezugsaktien, die beim Bezugsangebot nicht gezeichnet wurden. Übersteigt die Anzahl der bei der institutionellen Vorabplatzierung unter Rücktrittsvorbehalt erworbenen Aktien (die "Vorbehaltsaktien") die Anzahl der Streubesitzbezugsaktien, die beim Bezugsangebot nicht gezeichnet wurden, wird das Rücktrittsrecht ausgeübt, und zwar vis-à-vis gegenüber jedem institutionellen Investor, der Vorbehaltsaktien erworben hat. Diese Käufe werden anteilmäßig im Verhältnis der Gesamtanzahl der Streubesitzbezugsaktien, die beim Bezugsangebot gezeichnet wurden und der Gesamtanzahl an Vorbehaltsaktien, annulliert.

Der Zeitraum, in dem Bezugsberechtigte neue Aktien im Rahmen des Bezugsangebots zeichnen können (die "Bezugsfrist"), beginnt am oder um den 3. Juli 2013 und endet am oder um den 17. Juli 2013.



## Abschnitt E—Angebot

Basierend auf einem noch festzulegenden Bezugsverhältnis sind Bezugsberechtigte berechtigt, eine bestimmte Anzahl neuer Aktien für eine bestimmte Anzahl bestehender Aktien der Erste Group Bank zu zeichnen, die der betreffende Aktionär am 2. Juli 2013, um 24:00 Uhr (Mitternacht) CET (oder die entsprechende Anzahl an Bezugsrechten) hält. Abhängig vom Bezugsverhältnis ist es möglich, dass Bezugsrechte lediglich durch ein bestimmtes Vielfaches ausgeübt werden können. Aktionäre, die keine Anzahl an bestehenden Aktien der Erste Group Bank halten, die durch das Bezugsverhältnis in einer ganzen Zahl teilbar ist, können ihre Bezugsrechte nicht vollumfänglich ausüben.

Zeichnungsaufträge für neue Aktien nimmt Erste Group Bank, die auch als Hauptbezugsstelle für das Bezugsangebot agiert, ebenso wie die Manager, alle österreichischen Sparkassen und andere Kreditinstitute in Österreich während der regulären Geschäftszeiten entgegen. Inhaber von Bezugsrechten, die durch eine Depotstelle gehalten werden, die Mitglied der OeKB ist oder durch ein Finanzinstitut, das an Euroclear Bank S.A. ("Euroclear"), Clearstream Banking AG ("Clearstream") oder Centrální depozitář cenných papírů, a.s. ("CDCP") teilnimmt, müssen ihre Bezugsrechte ausüben, indem sie ihre Bank oder ihr Finanzinstitut beauftragen, neue Aktien in ihrem Namen zu zeichnen. Bezugsberechtigte, die über Bezugsrechte durch Depozitarul Central SA verfügen, können ihre Bezugsrechte ausüben, indem sie ihre Finanzvermittler (Depotbank/Broker) entsprechend beauftragen, die als Sammelverwahrstellen für die bestehenden Aktien agieren, die die Basis von Bezugsrechten darstellen.

Bezugsrechte, die während der Bezugsfrist nicht ausgeübt oder verkauft werden, verfallen und sind wertlos. Für nicht ausgeübte Bezugsrechte wird keine Entschädigung gezahlt.

Mit Beginn der Bezugsfrist an werden die bestehenden Aktien der Erste Group Bank ohne Bezugsrechte („ex Bezugsrecht“) gehandelt. Die Bezugsrechte sind gemäß anwendbarem Recht und den entsprechenden Regeln der OeKB in ihrer Rolle als Zentralverwahrstelle der Wertpapiere frei übertragbar. Erste Group Bank wird die Zulassung für den Handel der Bezugsrechte an der Wiener Börse beantragen. Der Handel der Bezugsrechte beginnt voraussichtlich am oder um den 9. Juli 2013 und endet am oder um den 11. Juli 2013.

Die Bezugsrechte und neuen Aktien wurden und werden nicht gemäß dem Securities Act oder anderen Wertpapieraufsichtsbehörden von Staaten oder Gerichtsbarkeiten in den USA registriert. Sie können nicht angeboten oder verkauft werden (i) in den USA, außer im Rahmen von Transaktionen, die Ausnahmen in Bezug auf die Registrierung gemäß Securities Act bilden oder (ii) außerhalb den USA, außer im Rahmen von Offshore-Transaktionen in Übereinstimmung mit Regulation S des Securities Act.

Am oder um den 3. Juli 2013 wird die Erste Group Bank auf ihrer Homepage ([www.erstegroup.com](http://www.erstegroup.com)) sowie im Amtsblatt zur Wiener Zeitung eine Bezugsaufforderung betreffend das Bezugsangebot veröffentlichen, welche die Aktionäre dazu einlädt, ihre Bezugsrechte auszuüben und welche darüber hinaus die Bezugsfrist, den endgültigen Bezugs- und Angebotspreis, das Bezugsverhältnis, das Verfahren für die Ausübung der Bezugsrechte und weitere Informationen enthält.

## Abschnitt E—Angebot

### Veröffentlichung der Ergebnisse der institutionellen Vorabplatzierung und des Bezugsangebots

Das Ergebnis der institutionellen Vorabplatzierung wird unter Anderem durch eine Ad-hoc-Mitteilung, über elektronische Medien sowie auf der Homepage der Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)) am oder um den 2. Juli 2013 bekannt gemacht und veröffentlicht.

Das Ergebnis des Bezugsangebots wird am oder um den 18. Juli 2013 auf der Homepage der Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)) bekannt gemacht.

### Beendigung, Aussetzung oder Verlängerung des kombinierten Angebots

Erste Group Bank und die gemeinsamen globalen Koordinatoren und gemeinsamen Konsortialführer (ausgenommen Erste Group Bank) können in ihrem alleinigen Ermessen jederzeit das kombinierte Angebot oder einen Teil desselben beenden, aussetzen oder verlängern, die Bezugsfrist verlängern oder beenden und den Vorabplatzierungszeitraum verkürzen, allerdings nur vor der Lieferung der neuen Aktien, die im institutionellen Vorabplatzierungsangebot zugeteilt wurden und die nicht einem Rücktrittsvorbehalt und aufgeschobener Abwicklung unterliegen. Jegliche Veränderung der Bezugsfrist und des Vorabplatzierungszeitraums, oder die Beendigung, Aussetzung oder Verlängerung des kombinierten Angebots oder eines Teiles desselben, werden über elektronische Medien, auf der Homepage der Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)), im Amtsblatt zur Wiener Zeitung sowie, sofern gemäß Kapitalmarktgesetz 1991 in der geltenden Fassung erforderlich, als Nachtrag zu diesem Prospekt bekannt gemacht und veröffentlicht. Zusätzlich wird die Veröffentlichung in der Tschechischen Republik auf der Homepage von Česká spořitelna, a.s. ([www.csas.cz](http://www.csas.cz)) und in Rumänien auf den Homepages von Depozitarul Central SA ([www.depozitarulcentral.ro](http://www.depozitarulcentral.ro)) und von BCR ([www.bcr.ro](http://www.bcr.ro)) durchgeführt. Angebotsempfänger, die Zeichnungsbefehle bzw. Kaufgebote übermittelt haben, werden nicht individuell verständigt.

Das kombinierte Angebot wird einem Aktienübernahmevertrag unterliegen, welcher vorsehen wird, dass die Verpflichtungen der Manager unter bestimmten aufschiebenden Bedingungen stehen, darunter das Fehlen von jeglichen wesentlichen nachteiligen Veränderungen in der Finanzlage oder der geschäftlichen Angelegenheiten der Erste Group. Die Manager werden berechtigt sein, den Aktienübernahmevertrag unter bestimmten Umständen zu kündigen, insbesondere im Falle des Auftretens von Ereignissen höherer Gewalt (*force majeure*).

Sollte der Aktienübernahmevertrag vor der Eintragung der Durchführung der Kapitalerhöhung, die dem kombinierten Angebots zu Grunde liegt, beim österreichischen Firmenbuch am Handelsgericht Wien gekündigt werden, wird das kombinierte Angebot nicht stattfinden und die Bezugsrechte werden nicht mehr bestehen oder wertlos werden. Unter solchen Umständen werden Angebotsempfänger nicht zur Lieferung von neuen Aktien berechtigt sein. Ansprüche in Bezug auf bereits bezahlte Wertpapierprovisionen und—kosten, die dem Angebotsempfänger im Zusammenhang mit dem kombinierten

## Abschnitt E—Angebot

		<p>Angebot entstanden sind, werden ausschließlich auf Grundlage der rechtlichen Beziehung zwischen dem Angebotsempfänger und dem Institut, bei dem dieser ein Angebot zum Kauf oder zur Zeichnung neuer Aktien eingereicht hat, bestimmt. Jede Zahlung, die entsprechend für den Bezug von oder den Kauf von neuen Aktien getätigt wurde, wird dem entsprechenden Angebotsempfänger ohne Zinsen rückgestellt werden. Sollte der Aktienübernahmevertrag nach der Eintragung der Kapitalerhöhung, die dem kombinierten Angebots zu Grunde liegt, beim österreichischen Firmenbuch am Handelsgericht Wien oder zu einem Zeitpunkt, zu dem die Eintragung nicht mehr verhindert werden kann, gekündigt werden, können die beziehenden Angebotsempfänger, die ihr Bezugsrecht rechtswirksam ausgeübt haben und welche dies während der verbleibenden Bezugsfrist tun werden, neue Aktien zum endgültigen Angebots- und Bezugspreis kaufen. Jede solche Kündigung würde sich nur auf neue Aktien beziehen, für die das Bezugsrecht nicht rechtswirksam durch Bezugsberechtigte ausgeübt wurde. Lieferungen von neuen Aktien, zugeteilt an institutionelle Investoren im Zusammenhang mit der institutionellen Vorabplatzierung, die nicht der Rückforderung unterliegen und zum Zeitpunkt der Kündigung des kombinierten Angebots bereits geliefert wurden, werden nicht storniert.</p> <p>Die neuen Aktien werden durch eine oder mehrere globale Sammelurkunden repräsentiert, die bei der OeKB, Am Hof 4, A-1010 Wien, Österreich, hinterlegt werden. Die neuen Aktien vermitteln Miteigentumsanteile oder Miteigentumsrechte an den jeweiligen Sammelurkunden. Neue Aktien, die in Verbindung mit der institutionellen Vorabplatzierung ohne Rücktrittsvorbehalt und aufgeschobener Abwicklung erworben wurden, werden voraussichtlich am oder um den 5. Juli 2013 zur Verfügung gestellt, und neue Aktien, die in Verbindung mit dem Bezugsangebot erworben wurden, werden voraussichtlich am oder um den 23. Juli 2013 zur Verfügung gestellt. Neue Aktien, die mit Rücktrittsvorbehalt und aufgeschobener Abwicklung in Verbindung mit der institutionellen Vorabplatzierung erworben wurden, werden wahrscheinlich am oder um den 23. Juli 2013 bereitgestellt, sofern das Rücktrittsrecht nicht ausgeübt wurde. Neue Aktien werden auf jeden Fall in girosammelverwahrfähiger Form durch OeKB, Euroclear, Clearstream und CDCP gegen Zahlung des endgültigen Bezugs- und Angebotspreises pro erworbener Aktie geliefert.</p> <p>Der Antrag auf Zulassung zum Handel der neuen Aktien (i) im Amtlichen Handel der Wiener Börse, (ii) am Prime-Markt der Börse in Prag und (iii) in der International Share Category der Börse Bukarest werden voraussichtlich am 4. Juli 2013 eingereicht. Die Genehmigung der Anträge erfolgt voraussichtlich am 3. Juli 2013. Die Einbeziehung der neuen Aktien in die Quotierung der bestehenden Aktien ist für den 5. Juli 2013 vorgesehen, beziehungsweise für den 8. Juli 2013 an der Prager Börse.</p>
<b>Lieferung und Abwicklung</b>		
<b>Zulassung des Handels der neuen Aktien und Handelsbeginn</b>		

### Abschnitt E—Angebot

<b>E.4</b>	<b>Beschreibung aller für das Angebot wesentlichen, auch kollidierenden Beteiligungen.</b>	<p>Die Manager haben vertragliche Beziehungen mit Erste Group Bank in Verbindung mit dem kombinierten Angebot und der Aktienzulassung. Sie beraten die Erste Group Bank hinsichtlich der Transaktion und koordinieren die Struktur und Durchführung der Transaktion. Bei erfolgreichem Abschluss der Transaktion werden die Manager eine Provision von maximal ca. €16,5 Millionen erhalten. Die Manager oder ihre entsprechenden verbundenen Unternehmen können gelegentlich Geschäftsbeziehungen mit Erste Group Bank eingehen oder Dienste in Zusammenhang mit gewöhnlichen Geschäftsaktivitäten erbringen. Die Manager und ihre entsprechenden verbundenen Unternehmen unterhalten aktuell Geschäftsbeziehungen mit Erste Group Bank oder ihren Tochtergesellschaften.</p> <p>Bestimmte Aktionäre von Erste Group Bank, einschließlich Erste Stiftung Sparkassen Beteiligungs GmbH &amp; Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung und bestimmte Sparkassen haben vorbehaltlich bestimmter aufschiebender Bedingungen und dass die Kapitalerhöhung, die dem kombinierten Angebot zu Grund liegt, im österreichischem Firmenbuch des Handelsgerichts Wien eingetragen wird, auf 37,4% der Bezugsrechte verzichtet.</p> <p>Um das kombinierte Angebot zu ermöglichen, haben Erste Stiftung und J.P. Morgan und Morgan Stanley einen Vertrag abgeschlossen, gemäß dem den globalen Koordinatoren und gemeinsamen Konsortialführern (ausgenommen Erste Group Bank) eine Option zum Kauf von bestehenden Aktien der Erste Stiftung bis zu einem Gesamtwert von ca. zirka €80 Millionen zum endgültigen Bezugs- und Angebotspreis eingeräumt wurde.</p>
<b>E.5</b>	<b>Name der Person/des Unternehmens, die/ das das Wertpapier zum Verkauf anbietet</b>	<p>Die neuen Aktien werden angeboten von Erste Group Bank AG, mit Firmenadresse Graben 21, 1010 Wien, Österreich, J.P. Morgan Securities plc. mit Firmenadresse 25 Bank Street, Canary Wharf, London E14 5JP, Großbritannien, und Morgan Stanley Bank AG mit Firmenadresse Junghofstraße 13-15, 60311 Frankfurt am Main, Deutschland, COMMERZBANK Aktiengesellschaft mit Firmenadresse 30 Gresham Street, London, EC2V 7PG, Großbritannien und ING Bank N.V., Bijlmerplein 888, 1102 MG Amsterdam, Niederlande.</p> <p>Jegliche bestehenden Aktien, die gemäß der Vereinbarung, abgeschlossen zwischen Erste Stiftung, J.P. Morgan und Morgan Stanley, welche den gemeinsamen globalen Koordinatoren und gemeinsamen Konsortialführer (ausgenommen Erste Group Bank) eine Option zum Kauf von bestehenden Aktien bis zu einem Gesamtwert von circa €80 Mio. zum endgültigen Bezugs- und Angebotspreis, gehalten von Erste Stiftung, einräumt, geliefert wurden, werden von Erste Stiftung angeboten. Erste Group Bank wird keine Erlöse aus dem Verkauf solcher Aktien erhalten, wenn die gemeinsamen globalen Koordinatoren und gemeinsamen Konsortialführer (ausgenommen Erste Group Bank) die Option ausüben.</p>

## Abschnitt E—Angebot

### **Bei Lock-up-Vereinbarungen die beteiligten Parteien und die Lock-up-Frist**

Weder Erste Group Bank, noch ihre im Mehrheitsbesitz stehenden Tochtergesellschaften, werden früher als 180 Tage nach dem Datum des Emissionsvertrags ohne die vorherige Genehmigung von J.P. Morgan und Morgan Stanley, (i) Aktien der Erste Group Bank oder Wertpapiere, die zu Aktien gewandelt, ausgeübt oder austauschbar sind, anbieten, verpfänden, Verkaufsabsicht ankündigen, verkaufen, vertraglich verkaufen, diesbezügliche Optionen verkaufen oder vereinbaren Optionen zu kaufen, Rechte gewähren oder den Kauf, Transfer oder Verkauf garantieren, und zwar weder direkt noch indirekt oder (ii) Swaps oder andere Übertragungsvereinbarungen abschließen, im Rahmen derer die wirtschaftlichen Konsequenzen des Besitzes von Aktien der Erste Group Bank gänzlich oder teilweise übertragen werden, unabhängig davon, ob die in Satz (i) oder (ii) beschriebenen Transaktionen durch die Lieferung von Aktien der Erste Group Bank oder anderen Wertpapieren in bar oder auf andere Weise abgewickelt würde, außer in Bezug auf die neuen Aktien, die im Rahmen des kombinierten Angebots emittiert werden.

Die vorstehenden Einschränkungen beziehen sich nicht auf (i) die Gewährung von Optionen an Mitarbeiter und Management und auf die Emission von Aktien der Erste Group Bank bei der Ausübung von Optionen, die im Rahmen des bestehenden Mitarbeiterbeteiligungsprogramms und der Aktienoptionsprogramme für das Management (sofern zutreffend) erfolgen, wie in diesem Prospekt beschrieben, (ii) das Kaufen und Verkaufen von Aktien der Erste Group Bank und auf Emissions- und Handloptionen von Aktien der Erste Group Bank an den Börsen in Wien, Prag und Bukarest im regulären Geschäftsverlauf der Bereiche Brokerage und Banking, (iii) die alleinige Emission von Aktien der Erste Group Bank, um Beteiligungen an anderen Sparkassen zu erwerben oder zu erhöhen und (iv) die Ausgabe von Vorzugsaktien durch eine ausländische Tochtergesellschaft, um Tier-1-Kapital oder Hybridkapital gemäß Definition des Bankgesetzes aufzubringen.

Erste Group Bank erklärt zudem, dass sie während des Zeitraums ab Datum dieses Prospekts bis einschließlich 180 Tage nach dem Datum des Aktienübernahmevertrages nicht und nicht öffentlich ihre Absicht verkündet, eine Kapitalerhöhung durch genehmigtes Kapital ohne die vorherige schriftliche Genehmigung von J.P. Morgan und Morgan Stanley vorzunehmen oder Aktien auszugeben.

Erste Stiftung wird nicht, früher als 90 Tage nach dem Datum dieses Prospektes ohne die vorherige Genehmigung von J.P. Morgan und Morgan Stanley, Aktien oder Wertpapiere, die in Aktien wandelbar oder austauschbar sind, anbieten, verpfänden, die Verkaufsabsicht ankündigen, verkaufen, vertraglich sich verpflichten zu verkaufen, diesbezügliche Optionen verkaufen oder vereinbaren Optionen zukufen, Rechte gewähren oder den Kauf, Transfer oder Verkauf garantieren, und zwar weder direkt noch indirekt, ausgenommen davon ist Erste Stiftung berechtigt, (i) Aktien gemäß dem Optionsvertrag, abgeschlossen mit J.P. Morgan und Morgan Stanley, zu verkaufen, (ii) zum Kauf, Verkauf, Einbringung und Übertragung von Aktien der Erste Group Bank zwischen Erste Stiftung, WSW und ihre Beteiligungsgesellschaften, CaixaBank S.A. und ihre Beteiligungsgesellschaften, und Sparkassen Beteiligungs GmbH & Co KG.



### Abschnitt E—Angebot

<p><b>E.6</b></p>	<p><b>Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung</b></p>	<p>Wird ein Bezugsrecht nicht ausgeübt, wird die prozentuale Beteiligung des entsprechenden Aktionärs am gesamten Aktienkapital der Erste Group Bank um rund 7,5% verwässert, gemäß den nachfolgenden Annahmen.</p> <p>Das konsolidierte Nettovermögen der Erste Group Bank betrug zum 31. März 2013 €11.155,0 Millionen (ausgenommen (i) Partizipationskapital und (ii) nicht beherrschende Anteile), bzw. €28,27 je Aktie, basierend auf 394.568.647 Aktien, wobei jede Aktie einen Nominalwert von €2,00 am Aktienkapital der Erste Group Bank aufweist. Das Nettovermögen (ausgenommen (i) Partizipationskapital und (ii) nicht beherrschenden Anteile) je Aktie der Erste Group Bank wird durch die Division des Gesamtvermögens abzüglich Schulden durch die Anzahl der Aktien berechnet.</p> <p>In Annahme einer Emission von 83.897.737 neuen Aktien im Rahmen des kombinierten Angebots zu einem endgültigen Zeichnungs- und Angebotspreis von €20,51 pro neuer Aktie, dem Schlusskurs je Aktie der Erste Group Bank an der Wiener Börse am 28. Juni 2013, und einem gezielten Bruttoerlös aus dem kombinierten Angebot von zirka €660 Millionen dann hätte das konsolidierte Nettovermögen der Erste Group Bank am 31. März 2013 €27,60 je Aktie betragen (bestehende und neue Aktien), und zwar nach Abzug von Kapitalsteuern, Emissionsprovisionen und geschätzten Ausgaben in Verbindung mit dem kombinierten Angebot, die seitens der Erste Group Bank zu zahlen sind.</p> <p>Dadurch ergibt sich eine umgehende Verringerung des konsolidierten Nettovermögens von €0,67 bzw. 2,4% je Aktie für bestehende Aktionäre, die ihre Bezugsrechte nicht ausüben und eine umgehende Erhöhung des Nettovermögens von €7,09 bzw. 34,6% je Aktie für neue Investoren, die neue Aktien im Rahmen des kombinierten Angebots erwerben. Die Verwässerung je Aktie für neue Investoren wird berechnet, indem das konsolidierte Nettovermögen je Aktie nach diesem kombinierten Angebot von einem hypothetischen endgültigen Zeichnungs- und Angebotspreis abgezogen wird, der von einem neuen Investor gezahlt wird.</p> <p>Jeder Angebotsempfänger sollte sich bewusst sein, dass die obige Kalkulation auf einem hypothetischen endgültigen Zeichnungs- und Angebotspreis von €20,51 je neuer Aktie basiert. Die tatsächliche Verwässerung beruht auf der endgültigen Anzahl von neuen Aktien und den Nettoerlösen des endgültigen Bezugs- und Angebotspreises.</p>
<p><b>E.7</b></p>	<p><b>Schätzung der Kosten, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden</b></p>	<p>Weder Erste Group Bank noch die Manager werden Gebühren für die Zeichnung der angebotenen neuen Aktien bzw. den Erwerb der neuen Aktien in Rechnung stellen. Depotbanken, Verwahrer oder andere Finanzintermediäre, durch welche Angebotsempfänger ihre Bezugsrechte halten können bzw. ihre Kaufaufträge erteilen können, können übliche Bankprovisionen für die Ausübung der Bezugsrechte oder die Platzierung von Kaufaufträgen im Namen der jeweiligen Angebotsempfänger in Rechnung stellen. Angebotsempfängern wird geraten, sich über diese Kosten zu informieren.</p>



## Annex 2—Czech translation of the summary

The following translation of the original summary is a separate document attached to the Prospectus. It does not form part of the Prospectus itself and has not been approved by the FMA. Further, the FMA did not review its consistency with the original summary.

Následující překlad původního souhrnu je samostatný dokument přiložený k Prospektu, netvoří část samotného Prospektu a nebyl schválen ze strany FMA. FMA dále nepřezkoumávala jeho soulad s původním souhrnem.

### SOUHRN PROSPEKTU

Souhrny jsou sestaveny na základě požadavků na zveřejnění informací označovaných jako „Prvky“. Tyto Prvky jsou očíslovány v oddílech A—E (A.1—E.7).

Tento souhrn obsahuje všechny Prvky, které mají být zahrnuty do informací o tomto druhu cenných papírů a emitentovi. Protože zařazení některých Prvků se nevyžaduje, v číselné řadě Prvků se mohou vyskytnout mezery.

I když se v případě některého Prvku vyžaduje jeho zařazení do souhrnu vzhledem k druhu cenných papírů a emitentovi, je možné, že ohledně tohoto Prvku nelze poskytnout relevantní informace. V takovém případě souhrn obsahuje krátký popis Prvku s poznámkou „neuplatní se“.

#### Oddíl A—Úvod a upozornění

<b>A.1</b>	<p>Tento souhrn musí být chápán jako úvod do tohoto Prospektu („Prospekt“).</p> <p>Jakékoli rozhodnutí investovat do nabízených cenných papírů by mělo být založeno na tom, že investor zváží Prospekt jako celek.</p> <p>V případě, že je u soudu vznesen nárok na základě údajů uvedených v Prospektu, může být žalujícímu investorovi podle vnitrostátních právních předpisů příslušných členských států Evropského hospodářského prostoru uložena povinnost uhradit náklady na překlad Prospektu před zahájením soudního řízení.</p> <p>Erste Group Bank AG („Emitent“ nebo „Erste Group Bank“, a společně s jejími konsolidovanými dceřinými společnostmi ke dni vyhotovení tohoto Prospektu „Erste Group“), nese odpovědnost za obsah tohoto souhrnu Prospektu včetně jakéhokoliv jeho překladu, avšak pouze pokud je souhrn zavádějící, nepřesný nebo vykazuje nesoulad při porovnání s jinými částmi Prospektu nebo pokud při porovnání s jinými částmi Prospektu neposkytuje veškeré nutné hlavní údaje, které investorům pomáhají při rozhodování, zda dotyčné cenné papíry koupit.</p>	
<b>A.2</b>	<ul style="list-style-type: none"><li>• Souhlas emitenta nebo osoby odpovědné za sestavení prospektu s použitím prospektu pro pozdější další prodej nebo konečné umístění cenných papírů finančními zprostředkovateli.</li><li>• Uvedení nabídkového období, v němž mohou finanční zprostředkovatelé provést pozdější další prodej nebo konečné umístění cenných papírů, pro které byl poskytnut souhlas s použitím prospektu.</li><li>• Jakékoli jiné jednoznačné a objektivní podmínky připojené k souhlasu, jež jsou relevantní pro použití prospektu.</li><li>• Oznámení uvedená tučným písmem informující investory o tom, že v případě předložení nabídky finančním zprostředkovatelem poskytne tento finanční zprostředkovatel investorům údaje o podmínkách nabídky v době jejího předložení.</li></ul>	Neuplatní se (souhlas Erste Group Bank s použitím Prospektu ze strany finančních zprostředkovatelů pro pozdější další prodej nebo konečné umístění cenných papírů nabízených tímto Prospektem nebyl udělen).

Oddíl B—Emitent		
B.1	Obchodní firma a komerční označení	Obchodní firma Erste Group Bank je „Erste Group Bank AG“, její komerční označení je „Erste Group“. „Erste Group“ odkazuje rovněž na Erste Group Bank a její konsolidované dceřiné společnosti.
B.2	Sídlo/ Právní forma/ Právní předpisy/ Země registrace	Erste Group Bank je akciovou společností ( <i>Aktiengesellschaft</i> ) založenou a existující podle rakouského práva, zapsanou v obchodním rejstříku ( <i>Firmenbuch</i> ) u Obchodního soudu ve Vídni ( <i>Handelsgericht Wien</i> ) pod číslem registrace FN 33209m. Erste Group Bank má sídlo ve Vídni, Rakousko. Její obchodní adresa je Graben 21, 1010 Vídeň, Rakousko.
B.3	Současné podnikání, hlavní činnosti a hlavní trhy, na kterých emitent soutěží	<p>Erste Group je přední bankovní skupina zaměřující se na retailové a korporátní klienty v Rakousku a ve střední a východní Evropě („CEE“). Erste Group nabízí svým klientům širokou škálu služeb, které podle daného trhu zahrnují produkty související s vklady a běžnými účty, hypoteční a spotřebitelské financování, financování investic a provozního kapitálu, privátní bankovnictví, investiční bankovnictví, správu aktiv, projektové financování, mezinárodní obchodní financování, obchodování (trading), leasing a factoring. Svými aktivy, celkovými úvěry a vklady, se Erste Group řadí k předním bankovním skupinám v Rakousku, České republice, v Rumunsku a na Slovensku. Její působení je významné i v Maďarsku, Chorvatsku a Srbsku. Jejích služeb využívá přibližně 16,6 milionů klientů v Rakousku a na svých klíčových trzích v rámci CEE. Erste Group Bank je rovněž přední bankou Rakouského sektoru spořitelen („Austrian Savings Banks Sector“). K 31. prosinci 2012 měla Erste Group aktiva celkem ve výši 213,8 miliard EUR, vlastní kapitál ve výši celkem 16,3 miliard EUR a dosáhla provozního výsledku ve výši 3 472,8 milionu EUR (provozní výnos (součet čistého výnosu z úroků, čistého výnosu z poplatků a provizí a čistého zisku z obchodování) po odečtení ostatních provozních nákladů a čistý roční zisk připadající na majitele mateřské společnosti za účetní období končící 31. prosince 2012 ve výši 483,5 milionu EUR. K témuž datu měla Erste Group účastnický kapitál v celkové výši 1 756,6 milionu EUR. K 31. březnu 2013 měla Erste Group aktiva celkem ve výši 213,0 miliard EUR, vlastní kapitál ve výši celkem 16,4 miliard EUR a dosáhla provozního výsledku ve výši 835,4 milionu EUR (provozní výnos (součet čistého výnosu z úroků, čistého výnosu z poplatků a provizí a čistého zisku z obchodování) po odečtení ostatních provozních nákladů) a čistého zisku připadajícího na akcionáře mateřské společnosti za tříměsíční období končící 31. března 2013 ve výši 176,2 milionu EUR. K témuž datu měla Erste Group účastnický kapitál v celkové výši 1 756,6 milionu EUR. Erste Group Bank je mateřskou společností a jedinou společností Erste Group přijatou k obchodování na burze v Evropském hospodářském prostoru (EHP).</p> <p>„Erste Group“ tvoří Erste Group Bank společně s jejími dceřinými společnostmi a majetkovými účastmi v dalších společnostech, včetně společností Erste Bank Oesterreich v Rakousku, Česká spořitelna v České republice, Banca Comerciala Româna v Rumunsku, Slovenská sporiteľňa na</p>

## Oddíl B—Emitent

		<p>Slovensku, Erste Bank Hungary v Maďarsku, Erste Bank Croatia v Chorvatsku, Erste Bank Serbia v Srbsku a včetně Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, dalších spořitelén ze sdružení <i>Haftungsverbund</i>, společnosti Immorent a dalších v Rakousku. Ke dni 29. dubna 2013 Erste Group dokončila prodej Public Company „Erste Bank“ („Erste Bank Ukraine“, před tím od ledna 2007 Bank Prestige) akcionářům Fidobanky. K 31. březnu 2013 měla Erste Group po celém světě 48 801 zaměstnanců (na plný úvazek), přičemž 1 532 (na plný úvazek) z nich zaměstnávala Erste Group Bank.</p> <p>Erste Group se domnívá, že její podnikání je charakterizováno následujícími konkurenčními výhodami: (i) vedoucí pozice na trhu v retailovém a korporátním bankovníctví; (ii) osvědčený a odolný podnikatelský model; (iii) aktivita na geografických trzích se srovnatelně nižšími úrovněmi HDP a bankovní penetrace; a (iv) uznávaná a důvěryhodná značka.</p> <p>Cílem Erste Group je posílení postavení na klíčových trzích s využitím následujících strategií při zachování zaměření na přísnou kontrolu nákladů: (i) silnější geografické zaměření na Rakousko a východní část Evropské unie prostřednictvím úvěrování lokálních klientů financovaného lokálními vklady a posílení vztahů v oblasti korporátního bankovníctví; a (ii) pokračující zaměření na podnikání klientů v klíčovém regionu prostřednictvím aktivit v oblasti kapitálových trhů přizpůsobených na míru potřebám klientů, vyváženého přístupu k růstu podnikání ve veřejném sektoru a mezibankovních obchodů se zaměřením na banky na klíčových trzích.</p> <p>Z uvedených sedmi bankovních sektorů je Rakouský sektor spořitelén třetí největší s přibližně 165,4 miliardami EUR celkových aktiv (kromě Bank Austria) zachycenými v účetnictví k 30. září 2012 (zdroj: webové stránky OeNB ve znění k únoru 2013). Sektor spořitelén v té době zahrnoval nezávislé spořitelny (kromě Bank Austria), včetně Erste Group Bank působící v roli ústřední finanční instituce Sektoru spořitelén.</p>
B.4a	<p><b>Nejvýznamnější poslední trendy ovlivňující emitenta a odvětví, v nichž působí</b></p>	<p>Erste Group zastává názor, že retailový a korporátní bankovníctví v Rakousku a střední a východní Evropě ovlivňují následující trendy:</p> <ul style="list-style-type: none"> <li>• <i>Makroekonomické prostředí.</i> Vývoj reálného HDP, příjmy domácností, maloobchodní výdaje, korporátní investice, míra nezaměstnanosti a státní dluh jsou všechno klíčové faktory, které ovlivňují poptávku po bankovních službách globálně, jakož i na geografických trzích, na kterých Erste Group působí. Zatímco Erste Group věří, že se tyto indikátory budou v Rakousku a ve střední a východní Evropě vyvíjet z dlouhodobého hlediska pozitivněji, zejména v porovnání s Eurozónou a Evropskou unií, současný potenciál výkonnosti je omezen s ohledem na prostředí pomalého růstu převažující v Evropě v roce 2012 a 2013. Důsledkem tohoto trendu bude pravděpodobně z krátkodobého hlediska i nadále útlum poptávky po bankovních službách na geografických trzích, kde Erste Group působí.</li> </ul>

<b>Oddíl B—Emitent</b>		
		<ul style="list-style-type: none"> <li>• <i>Regulatorní změny a zdanění.</i> Evropský bankovní sektor musí čelit zvýšené regulaci ze strany nadnárodních i národních regulačních úřadů, včetně zvýšených požadavků na výši kapitálu, likvidity, omezení financování cizím kapitálem i poskytování úvěrů. Sílí trend, kdy vlády ukládají bankám další daně a odvody, včetně daní z finančních transakcí. Všechna tato opatření vedou ke zvyšování nákladů na podnikání a mají negativní dopad na ziskovost.</li> <li>• <i>Změny v chování klientů a změny technologií.</i> Sílí trend směrem k intenzivnějšímu využívání elektronických a mobilních kanálů bude vyžadovat, aby banky přizpůsobily svou klientskou infrastrukturu, investovaly do nových technologií, jako jsou aplikace pro chytré telefony a jiné mobilní přístroje a rekvalifikovaly své zaměstnance.</li> </ul>
<b>B.5</b>	<b>Popis skupiny a postavení emitenta ve skupině</b>	<p>Erste Group Bank je mateřskou společností Erste Group. K 31. březnu 2013 držela Erste Group Bank přímo či nepřímo majetkové účasti v následujících společnostech:</p> <ul style="list-style-type: none"> <li>• Česká spořitelna, a.s. („Česká spořitelna“) (99,0%);</li> <li>• Banca Comerciala Româna S.A. („BCR“) (93,3%);</li> <li>• Slovenská sporiteľňa, a.s. („Slovenská sporiteľňa“) (100,0%);</li> <li>• Erste Bank Hungary Zrt („Erste Bank Hungary“) (100,0%);</li> <li>• Erste &amp; Steiermärkische Bank d.d. („Erste Bank Croatia“) (69,3%);</li> <li>• ERSTE BANK AD NOVI SAD („Erste Bank Serbia“) (80,5%);</li> <li>• Public Company “Erste Bank” („Erste Bank Ukraine“) (100,0%);</li> <li>• Erste Bank der oesterreichischen Sparkassen AG („Erste Bank Oesterreich“) (100,0%), včetně majetkové účasti v Salzburger Sparkasse Bank AG (98,7%), Tiroler Sparkasse Bankaktiengesellschaft (75,0%), Bausparkasse der österreichischen Sparkassen AG (95,0%), Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft (75,0%) a Haftungsverbund GmbH (63,5%);</li> <li>• Brokerjet Bank AG (100,0%);</li> <li>• Erste Group Immorent AG (100,0%);</li> <li>• Erste Asset Management GmbH (100,0%); and</li> <li>• s IT Solutions Holding GmbH (100,0%).</li> </ul> <p>Ke dni 29. dubna 2013 Erste Group dokončila prodej Erste Bank Ukraine akcionářům Fidobanky.</p>
<b>B.6</b>	<b>Osoby s přímou nebo nepřímou účastí na kapitálu emitenta nebo hlasovacích právech, podléhající oznamovací povinnosti</b>	<p>Následuje přehled právnických osob, které na základě oznámení hlasovacích práv poskytnutých Erste Group Bank drží přímo nebo nepřímo hlasovací práva v Erste Group Bank. Případné změny v procentech hlasovacích práv by Erste Group Bank nemusely být známy, pokud se vyskytly mezi aplikovatelnými limity hlasovacích práv nebo pokud příslušná oznámení nebyla řádně učiněna. Procenta hlasovacích práv se mohou také změnit, přestože počet hlasovacích práv držený příslušným akcionářem zůstane zachován, např. z důvodu</p>

## Oddíl B—Emitent

	<p><b>Zvláštní hlasovací práva</b></p> <p><b>Přímá či nepřímá účast na emitentovi nebo přímé či nepřímé ovládání emitenta a povaha této kontroly</b></p>	<p>zvýšení nebo snížení základního kapitálu Erste Group Bank a s ním souvisejícím celkovým počtem hlasovacích práv. Na základě výše uvedeného je možné, a v některých případech také pravděpodobné, že informace, které má Erste Group Bank k dispozici, nemusí vždy odpovídat skutečnému rozdělení hlasovacích práv.</p> <ul style="list-style-type: none"><li>• Podle svého posledního oznámení o hlasovacích právech zveřejněného 28. června 2013 držela 26,40% akcií Erste Group Bank DIE ERSTE Österreichische Spar-Casse Privatstiftung („Erste Stiftung“), včetně akcií vlastněných Wiener Städtische Wechselseitiger Versicherungsverein—Správa majetku—Vienna Insurance Group držených Erste Stiftung na základě akcionářské dohody.</li><li>• Podle svého posledního oznámení o hlasovacích právech zveřejněného 24. listopadu 2011 držela 9,98% akcií Erste Group Bank CaixaBank, S.A. (dříve Criteria Caixacorp, S.A.) (bez přihlídnutí ke zvýšení základního kapitálu Erste Group Bank provedeného po tomto datu a bez zahrnutí nabytí 1 000 000 dalších akcií Erste Group Bank AG společností CaixaBank, S.A. od Erste Stiftung v roce 2012).</li><li>• Podle svého posledního oznámení o hlasovacích právech zveřejněného 9. ledna 2013 držela 4,42% akcií Erste Group Bank Austria společnost Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung.</li></ul> <p>Neuplatní se (každá akcie vydaná Erste Group Bank odpovídá jednomu hlasu).</p> <p>Informace týkající se procenta akcií držených Erste Stiftung, CaixaBank, S.A., a Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung, jsou uvedeny výše. Kromě toho je třeba uvést, že členové dozorčí rady Erste Group Bank („Dozorčí rada“) Georg Winckler (první místopředseda) a Friedrich Lackner (pověřený radou zaměstnanců) jsou členy dozorčí rady Erste Stiftung. Bernhard Kainz (pověřený radou zaměstnanců Erste Bank Oesterreich) je rovněž členem dozorčí rady Erste Stiftung. Stanovy Erste Group Bank ve znění přijatém valnou hromadou dne 15. května 2012 dále stanoví, že dokud Erste Stiftung odpovídá za všechny současné a budoucí závazky Erste Group Bank v případě insolvence Erste Group Bank podle § 92 odst. 9 rakouského zákona o bankách (<i>Bankwesengesetz</i>) („Zákon o bankách“), má Erste Stiftung právo jmenovat až jednu třetinu těch členů Dozorčí rady, kteří jsou voleni valnou hromadou Erste Group Bank („Zástupci akcionářů“). Erste Stiftung dosud neuplatnila své právo jmenovat členy Dozorčí rady, takže všichni Zástupci akcionářů byli zvoleni valnou hromadou Erste Group Bank.</p> <p>Erste Stiftung a CaixaBank, S.A. uzavřely dohodu o partnerství (Preferred partnership agreement/“PPA“), na jejímž základě Erste Stiftung poskytla CaixaBank, S.A. status spřáteleného investora a přednostního partnera v investování. Na základě PPA je CaixaBank, S.A. oprávněna nominovat při volbě členů Dozorčí rady valnou hromadou Erste Group Bank jednoho kandidáta, kterého při volbě podpoří Erste Stiftung. CaixaBank, S.A. se naopak zavázala, že se zdrží účasti na nabídce nepřátelského převzetí formou nákupu akcií Erste Group Bank a udělila Erste Stiftung předkupní právo a opční</p>
--	--	--



## Oddíl B—Emitent

	<p>práva ohledně akcií, které CaixaBank, S.A. drží v Erste Group Bank. Dále se Erste Stiftung zavázala, že třetím osobám neposkytne žádná práva, která by byla výhodnější než práva poskytnutá CaixaBank, S.A., s výjimkou přesně specifikovaných případů. Smlouva PPA byla schválena rakouskou Komisí pro převzetí (<i>Übernahmekommission</i>).</p> <p>Erste Stiftung a Wiener Städtische Wechselseitiger Versicherungsverein—Správa majetku—Vienna Insurance Group („WSW“), akcionář Erste Group Bank, uzavřely akcionářskou dohodu („Akcionářská dohoda“), podle které se WSW zavazuje hlasovat při volbě členů Dozorčí rady v souladu s návrhy Erste Stiftung. Ve všech ostatních případech Akcionářská dohoda neomezuje WSW ve výkonu jejích hlasovacích práv v Erste Group Bank. Po dobu trvání Akcionářské dohody nesmí WSW a její přímo a nepřímo držené dceřiné společnosti iniciovat nebo se účastnit na nepřátelských nabídkách převzetí Erste Group Bank, nebo jiným způsobem při takových nepřátelských převzetích spolupracovat s navrhovatelem.</p>
<b>B.7</b>	<b>Vybrané hlavní historické finanční údaje o emitentovi předkládané za každý účetní rok anebo období, za které jsou historické finanční údaje uvedeny (údaje o stavu za tříměsíční období končící 31. března 2013 včetně srovnávacích finančních informací za tříměsíční období končící 31. března 2012 a ke konci účetního roku a za účetní roky končící 31. prosince 2012, 2011 a 2010).</b>

### Souhrn finančních a jiných informací

Níže uvedené finanční ukazatele týkající se účetních období končících 31. prosince 2012 a 2011 byly převzaty z auditovaných konsolidovaných účetních závěrek Erste Group pro účetní období končící 31. prosince 2012 a 2011, nebo vycházejí z účetních výkazů, interních propočtů či informací Erste Group Bank. Některé finanční ukazatele týkající se účetního období končícího k 31. prosinci 2010 byly reklasifikovány v auditovaných konsolidovaných účetních závěrkách pro účetní období končící k 31. prosinci 2011. Zejména se jedná o swapy úvěrových selhání klasifikované v účetnictví v obdobích před účetním obdobím končícím 31. prosince 2011 jako finanční záruky, které byly reklasifikovány a oceněny jako finanční nástroje reálnou hodnotou (fair value) prostřednictvím zisku a ztráty. Dále byly z důvodu harmonizace a zlepšení některých nástrojů informačních technologií v Erste Group reklasifikovány předchozí výpočty efektivních úrokových sazeb pro úvěry a půjčky poskytované klientům. Finanční informace zahrnuté v tomto oddíle týkající se účetního období končícího 31. prosince 2010 jsou převzaty nebo odvozeny z auditovaných konsolidovaných účetních závěrek za rok končící 31. prosince 2011. Proto se finanční údaje vztahující se k účetnímu období končícímu 31. prosince 2010, které jsou zahrnuty do tohoto Prospektu, částečně liší od finančních údajů obsažených v auditovaných konsolidovaných účetních závěrkách Erste Group pro účetní období končící 31. prosince 2010. Níže uvedené finanční údaje týkající se tříměsíčních období končících 31. března 2013 a 31. března 2012 jsou vyňaty či odvozeny z neauditovaných prozatímních zestručněných konsolidovaných finančních výkazů Erste Group Bank za tříměsíčních období končící 31. března 2013, nebo vycházejí z účetních výkazů, interních propočtů či informací Erste Group Bank.

Veškeré finanční informace v následujících tabulkách, které jsou označeny jako „auditované“, byly převzaty z auditovaných konsolidovaných účetních závěrek Erste Group pro účetní období končící 31. prosince 2012 a 2011. Jakákoliv finanční informace v následujících tabulkách, která je označena jako „neauditovaná“ nebyla převzata z těchto auditovaných konsolidovaných účetních závěrek.

Následující číselné údaje byly zaokrouhleny v souladu se zavedenými obchodními zvyklostmi. Proto součty čísel v tabulce nemusí přesně odpovídat celkovým hodnotám, které mohou být rovněž uvedeny v tabulce.



## Údaje z Výkazu zisku a ztrát

Tabulka níže obsahuje vybrané údaje z výkazu zisku a ztrát za tříměsíční období končící 31. března 2013 a 2012 a za roky končící 31. prosince 2012, 2011 a 2010:

## Údaje z Výkazu zisku a ztrát

	Tříměsíční období končící 31. března		Za rok končící 31. prosince		
	2013 neauditováno	2012	2012 auditováno, pokud není uvedeno jinak	2011	2010
<b>v milionech EUR</b>					
Čisté úrokové výnosy . . . . .	1,240.6	1,336.9	5,235.3	5,569.0	5,439.2
Provozní výnosy <sup>(1)</sup> (neauditováno) . . . . .	1,766.6	1,860.8	7,229.5	7,478.5	7,603.7
Všeobecné provozní náklady . . . . .	(931.2)	(945.1)	(3,756.7)	(3,850.9)	(3,816.8)
Provozní výsledek <sup>(2)</sup> (neauditováno) . . . . .	835.4	915.7	3,472.8	3,627.6	3,786.9
Zisk/ztráta před zdaněním . . . . .	301.4	487.1	801.2	(322.2)	1,324.2
Čistý zisk/ztráta za období/rok . . . . .	235.0	379.9	631.0	(562.6)	1,043.3
<b>Čistý zisk za dané období / rok připadající na majitele mateřské společnosti . . . . .</b>	<b>176.2</b>	<b>346.5</b>	<b>483.5</b>	<b>(718.9)</b>	<b>878.7</b>

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank za účetní období končící 31. prosince 2012 a 2011 včetně komparativních finančních informací za účetní období končící 31. prosincem 2010, a neauditované prozatímní zestručnělé konsolidované finanční výkazy za tříměsíční období končící 31. března 2013, včetně srovnávacích finančních informací za tříměsíční období končící 31. března 2012.

- (1) Provozní výnosy zahrnují čistý úrokový výnos, čistý výnos z poplatků a provizí, čistý výsledek obchodování a jsou neauditované za roční období končící 31. prosince 2012, 2011 a 2010. Následující tabulka znázorňuje výpočet provozních příjmů za tříměsíční období končící 31. března 2013 a 2012, a za roční období končící 31. prosince 2012, 2011 a 2010:

	Tříměsíční období končící 31. března		Roční období končící 31. prosince		
	2013 neauditováno	2012	2012 auditováno, pokud není uvedeno jinak	2011	2010
<b>v milionech €</b>					
Čistý příjem z úroků . . . . .	1,240.6	1,336.9	5,235.3	5,569.0	5,439.2
Čistý příjem z poplatků a provizí . . . . .	448.2	430.3	1,720.8	1,787.2	1,842.5
Čistý obchodní výsledek . . . . .	77.8	93.6	273.4	122.3	321.9
<b>Provozní příjmy (neauditováno) . . . . .</b>	<b>1,766.6</b>	<b>1,860.8</b>	<b>7,229.5</b>	<b>7,478.5</b>	<b>7,603.7</b>

Zdroj: Auditované konsolidované finanční výkazy Erste Group Bank za účetní roky končící 31. prosince 2012 a 2011, včetně srovnávacích finančních údajů za účetní rok končící 31. prosince 2010, a neauditované prozatímní zestručnělé konsolidované finanční výkazy za tříměsíční období končící 31. března 2013, včetně srovnávacích finančních údajů za tříměsíční období končící 31. března 2012.

- (2) Provozní výsledek odpovídá provozním výnosům po odečtení všeobecných provozních nákladů a je neauditován za roční období končící 31. prosince 2012, 2011 a 2010. Následující tabulka znázorňuje výpočet provozního výsledku za tříměsíční období končící 31. března 2013 a 2012 a za roční období končící 31. prosince 2012, 2011 a 2010:

	Tříměsíční období končící 31. března		Roční období končící 31. prosince		
	2013 neauditováno	2012	2012 auditováno, pokud není uvedeno jinak	2011	2010
<b>v milionech €</b>					
Provozní příjem (neauditováno) . . . . .	1,766.6	1,860.8	7,229.5	7,478.5	7,603.7
Obecné administrativní výdaje . . . . .	(931.2)	(945.1)	(3,756.7)	(3,850.9)	(3,816.8)
<b>Provozní výsledek (neauditováno) . . . . .</b>	<b>835.4</b>	<b>915.7</b>	<b>3,472.8</b>	<b>3,627.6</b>	<b>3,786.9</b>

Zdroj: Auditované konsolidované finanční výkazy Erste Group Bank za účetní roky končící 31. prosince 2012 a 2011, včetně srovnávacích finančních údajů za účetní rok končící 31. prosince 2010, a neauditované zestručnělé konsolidované finanční výkazy za tříměsíční období končící 31. března 2013 včetně komparativních finančních údajů za tříměsíční období končící 31. března 2012.

## Údaje z Rozvahy

Tabulka níže obsahuje vybrané údaje z rozvahy k 31. březnu 2013 a 31. prosinci 2012, 2011 a 2010:

### Údaje z rozvahy

	K 31. březnu		K 31. prosinci	
	2013 neauditováno	2012 auditováno, pokud není uvedeno jinak	2011	2010
<b>v milionech €</b>				
Úvěry a půjčky úvěrovým institucím . . . . .	11,964.4	9,074.1	7,577.7	12,496.5
Úvěry a půjčky klientům . . . . .	130,335.0	131,927.5	134,749.5	132,334.1
Opravné položky k úvěrům a půjčkám . . . . .	(7,695.4)	(7,643.7)	(7,027.3)	(6,119.1)
Obchodní a jiná finanční aktiva <sup>(1)</sup> (neauditováno) . . . . .	47,386.9	47,286.2	44,007.8	39,955.5
Jiná aktiva <sup>(2)</sup> (neauditováno) . . . . .	30,998.7	33,180.0	30,698.7	27,103.0
<b>Celková aktiva . . . . .</b>	<b>212,989.6</b>	<b>213,824.0</b>	<b>210,006.3</b>	<b>205,770.0</b>
<b>Pasiva a vlastní kapitál</b>				
Vklady bank . . . . .	20,678.3	21,822.1	23,785.3	20,153.9
Vklady klientů . . . . .	123,123.6	123,052.9	118,880.2	117,016.3
Vydané dluhové cenné papíry a podřízené závazky (neauditováno) <sup>(3)</sup> . . . . .	35,177.2	34,750.7	36,564.2	37,136.5
Jiné závazky <sup>(4)</sup> (neauditováno) . . . . .	17,580.8	17,859.8	15,596.7	14,905.2
Vlastní kapitál celkem . . . . .	16,429.7	16,338.5	15,180.0	16,558.0
z toho část vztahující se k menšinovým účastem . . . . .	3,518.0	3,483.2	3,142.9	3,443.6
z toho část vztahující se k majitelům mateřské společnosti . . . . .	12,911.6	12,855.3	12,037.1	13,114.4
<b>Celková pasiva a vlastní kapitál . . . . .</b>	<b>212,989.6</b>	<b>213,824.0</b>	<b>210,006.3</b>	<b>205,770.0</b>

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank pro účetní období končící 31. prosince 2012 a 2011 včetně komparativních finančních informací pro účetní období končící 31. prosince 2010, a neauditované prozatímní zestručnělé konsolidované finanční výkazy za tříměsíční období končící 31. března 2013.

(1) Obchodní a jiná finanční aktiva jsou mezisoučtem řádkových položek obchodní aktiva, finanční aktiva—oceněná reálnou hodnotou (fair value) prostřednictvím zisku nebo ztráty, realizovatelná finanční aktiva, a finanční aktiva—držená do splatnosti a jsou neauditována za roční období končící 31. prosince 2012, 2011 a 2010. Následující tabulka znázorňuje výpočet obchodních a dalších finančních aktiv k 31. březnu 2013 a k 31. prosinci 2012, 2011 a 2010:

	K 31. březnu		K 31. prosinci	
	2013 neauditováno	2012 auditováno, pokud není uvedeno jinak	2011	2010
<b>v milionech €</b>				
Obchodní aktiva . . . . .	6,511.6	5,178.0	5,875.8	5,535.5
Finanční aktiva—reálná hodnota prostřednictvím zisku či ztráty . . . . .	656.8	715.8	1,813.1	2,434.2
Realizovatelná finanční aktiva . . . . .	21,190.2	22,417.7	20,245.3	17,751.1
Finanční aktiva—držená do splatnosti . . . . .	19,028.3	18,974.7	16,073.6	14,234.7
<b>Obchodní a další finanční aktiva (neauditováno) . . . . .</b>	<b>47,386.9</b>	<b>47,286.2</b>	<b>44,007.8</b>	<b>39,955.5</b>

Zdroj: Auditované konsolidované účetní uzávěrky Erste Group Bank pro účetní období končící 31. prosince 2012 a 2011 včetně komparativních finančních informací pro účetní období končící 31. prosince 2010, a neauditované prozatímní zestručnělé konsolidované finanční výkazy za tříměsíční období končící 31. března 2013.

(2) Jiná aktiva jsou mezisoučtem řádkových položek hotovost a zůstatky u centrálních bank, finanční deriváty, financování investice vlastním kapitálem, nehmotný majetek, hmotný majetek a vybavení, investiční majetek, splatné daňové pohledávky, odložené daňové závazky, aktiva držená za účelem prodeje a jiná aktiva a jsou neauditována za roční období končící 31. prosince 2012, 2011 a 2010. Následující tabulka znázorňuje výpočet jiných aktiv k 31. březnu 2013 a k 31. prosinci 2012, 2011 a 2010:

	K 31. březnu		K 31. prosinci	
	2013 neauditováno	2012 auditováno, pokud není uvedeno jinak	2011	2010
<b>v milionech €</b>				
Hotovost a zůstatky u centrálních bank . . . . .	7,445.8	9,740.5	99,412.9	5,839.4
Finanční deriváty . . . . .	11,429.4	13,289.4	10,930.8	8,507.9
Financování investice vlastním kapitálem . . . . .	211.1	174.1	173.1	223.5
Nehmotný majetek . . . . .	2,858.2	2,893.9	3,532.0	4,674.6
Hmotný majetek a vybavení . . . . .	2,156.3	2,227.9	2,360.8	2,445.6
Investiční majetek . . . . .	1,011.1	1,022.9	1,139.3 <sup>(a)</sup>	1,163.1 <sup>(b)</sup>
Splatné daňové pohledávky . . . . .	133.1	127.6	115.7	116.5
Odložené daňové závazky . . . . .	679.5	657.5	701.9	616.8
Aktiva držaná za účelem prodeje . . . . .	618.0	708.1	87.2	52.5
Jiná aktiva . . . . .	4,456.2	2,338.1	2,245.1 <sup>(a)</sup>	3,463.2 <sup>(b)</sup>
<b>Jiná aktiva (neauditováno) . . . . .</b>	<b>30,998.7</b>	<b>33,180.0</b>	<b>30,698.7</b>	<b>27,103.0</b>

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank za účetní období končící 31. prosince 2012 a 2011 včetně komparativních finančních informací pro účetní období končící 31. prosince 2010, a neauditované prozatímní konsolidované finanční výkazy za tříměsíční období končící 31. března 2013.

- (a) Vzhledem k reklasifikacím v konsolidovaných účetních závěrkách za účetní období končící 31. prosince 2012 odvozených ze srovnatelných údajů k 31. prosinci 2011 obsažených v rozvaze konsolidovaných účetních závěrek pro účetní období končící 31. prosince 2012.
- (b) Vzhledem k reklasifikacím v konsolidovaných účetních závěrkách za účetní období končící 31. prosince 2012 odvozených ze srovnatelných údajů k 1. lednu 2011 obsažených v rozvaze konsolidovaných účetních závěrek pro účetní období končící 31. prosince 2012.
- (3) Součet vydaných dluhových cenných papírů a podřízených závazků je za roky končící 31. prosince 2012, 2011 a 2010 neauditován.
- (4) Jiné závazky jsou mezisoučtem řádkových položek úpravy ocenění vyplývající ze zajištění reálné hodnoty portfolia (portfolio fair value hedges), finanční deriváty, obchodní závazky, rezervy, splatné daňové závazky, odložené daňové závazky, jiné závazky a závazky spojené s aktivy drženy za účelem prodeje a jsou neauditované za roční období končící 31. prosince 2012, 2011 a 2010. Následující tabulka znázorňuje výpočet jiných závazků k 31. březnu 2013 a k 31. prosinci 2012, 2011 a 2010:

	K 31. březnu		K 31. prosinci	
	2013 neauditováno	2012 auditováno, pokud není uvedeno jinak	2011	2010
<b>v milionech €</b>				
Úpravy ocenění ze zajištění reálné hodnoty portfolia (portfolio fair value hedges) . . . . .	1,428.6	1,220.0	914.7 <sup>(a)</sup>	502.0 <sup>(b)</sup>
Finanční deriváty . . . . .	9,314.1	10,878.4	9,336.6	8,398.8
Obchodní závazky . . . . .	368.4	481.0	535.6	215.7
Rezervy . . . . .	1,494.1	1,487.7	1,580.1	1,544.5
Splatné daňové závazky . . . . .	72.9	53.0	33.7	68.4
Odložené daňové závazky . . . . .	292.4	323.5	344.8a	328.1
Jiné závazky . . . . .	4,267.6	3,077.3	2,851.3 <sup>(a)</sup>	3,847.7 <sup>(b)</sup>
Závazky spojené s aktivy drženy za účelem prodeje . . . . .	342.7	338.9	0.0 <sup>(a)</sup>	0.0 <sup>(b)</sup>
<b>Jiné závazky (neauditováno) . . . . .</b>	<b>17,580.8</b>	<b>17,859.8</b>	<b>15,596.7</b>	<b>14,905.2</b>

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank pro účetní období končící 31. prosincem 2012 a 2011, včetně komparativních finančních informací pro účetní období končící 31. prosincem 2010, a neauditované prozatímní zestručnělé konsolidované finanční výkazy za tříměsíční období končící 31. března 2013.

- (a) Vzhledem k reklasifikacím v konsolidovaných účetních závěrkách za účetní období končící 31. prosince 2012 odvozených ze srovnatelných údajů k 31. prosinci 2011 obsažených v rozvaze konsolidovaných účetních závěrek pro účetní období končící 31. prosince 2012.
- (b) Vzhledem k reklasifikacím v konsolidovaných účetních závěrkách za účetní období končící 31. prosince 2012 odvozených ze srovnatelných údajů k 1. lednu 2011 obsažených v rozvaze konsolidovaných účetních závěrek pro účetní období končící 31. prosince 2012.

## Vybrané provozní informace

Tabulka níže obsahuje některé informace vztahující se k vybraným provozním informacím ke konci a za tříměsíční období končící 31. března 2013 a 2012 a za roční období končící 31. prosince 2012, 2011 a 2010. Zatímco informace o klíčových regulatorních poměrových ukazatelích Erste Group, kterými jsou kapitál tier-1, kmenový kapitál tier-1, poměr kmenového kapitálu tier-1-celkové riziko, poměr tier-1-celkové riziko a poměr solventnosti podle Zákona o bankách k 31. prosinci 2012, 2011 a 2010 byly vypočteny na základě rakouských GAAP, informace k 31. březnu 2013 byly vypočteny na základě IFRS. Rozsah konsolidace se pro účetní účely v souladu s IFRS a pro regulační účely liší, zejména pokud jde o entity de minimis,

nefinanční společnosti a pojišťovací společnosti, které nejsou plně konsolidované pro regulační účely. Z toho důvodu se neshodují části regulatorního kapitálu a konsolidovaného vlastního kapitálu, který byl vykázan pro všechna uvedená období v souladu s IFRS. V prvním čtvrtletí 2013 vypočítávala Erste Group konsolidovaný regulatorní kapitál a konsolidované požadavky na regulatorní kapitál na základě IFRS poprvé. Hodnoty k 31. březnu 2013 a k 31. prosinci 2012, 2011 a 2010 nejsou proto zcela porovnatelné.

### Klíčové poměrové ukazatele

	Ke konci a za tříměsíční období končící 31. března		Ke konci a za roky končící 31. prosince		
	2013 neauditováno	2012	2012 auditováno, pokud neuveďeno jinak	2011	2010
Výnos z vlastního kapitálu (ROE) <sup>(1)</sup> (v %) . . . . .	5.4	11.2	3.8	—	6.7
Poměr výplaty dividend <sup>(2)</sup> (v %) (neauditováno) . . .	—	—	32.6	—	30.1
Poměr nákladů/výnosů <sup>(3)</sup> (v %) . . . . .	52.7	50.8	52.0	51.5	50.2
Náklady na rizika <sup>(4)</sup> (v %) (neauditováno) . . . . .	1.23	1.72	1.48	1.68	1.55
Kapitál tier-1 (v milionech €) <sup>(5)</sup> . . . . .	12,184	12,200	12,223	11,909	12,219
Kmenový kapitál tier-1 (v milionech €) <sup>(6)</sup> . . . . .	11,809	11,425	11,848	10,681	11,019
Poměr kmenového kapitálu tier-1—celkové riziko <sup>(7)</sup> (v %) . . . . .	11.2	10.2	11.2	9.4	9.2
Poměr tier-1—celkové riziko <sup>(8)</sup> (v %) . . . . .	11.6	10.9	11.6	10.4	10.2
Poměr solventnosti <sup>(9)</sup> (v %) . . . . .	15.9	14.4	15.5	14.4	13.5

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank pro účetní období končící 31. prosince 2012 a 2011 včetně komparativních finančních informací pro účetní období končící 31. prosince 2010 a neauditované prozatímní zestručnělé konsolidované finanční výkazy za tříměsíční období končící 31. března 2013 včetně komparativních finančních informací za tříměsíční období končící 31. března 2012, kromě údajů označených v řádcích Poměr výplaty dividend a Náklady na rizika a údajů k 31. březnu 2012 pro "kapitál tier-1", "kmenový kapitál tier-1", "poměr kmenového kapitálu tier-1—celkové riziko", "poměr tier-1—celkové riziko" a "poměr solventnosti", které jsou založené na interních kalkulacích nebo informacích Erste Group Bank.

- (1) Výnos z vlastního kapitálu (ROE) je poměr anualizovaného čistého zisku/ztráty (vypočteného z čistého zisku/ztráty za tříměsíční období vynásobeného čtyřmi) nebo čistý zisk/ztráta zaroční období připadající na majitele mateřské společnosti vyjádřený jako procento z průměrného vlastního kapitálu připadajícího na akcionáře mateřské společnosti (uváděn jako "průměrný připadající vlastní kapitál" v segmentové zprávě příslušných finančních výkazů, zmíněn níže v následující tabulce). Průměrný vlastní kapitál připadající na akcionáře mateřské společnosti se vypočítá na základě vlastního kapitálu připadajícího na akcionáře mateřské společnosti ke konci každého měsíce z tříměsíčního období, respektive ke konci každého z dvanácti měsíců roku. Následující tabulka znázorňuje výpočet výnosu z vlastního kapitálu (ROE) za tříměsíční období končící 31. března 2013 a 2012 a za účetní období končící 31. prosince 2012, 2011 a 2010:

	Tříměsíční období končící 31. března		Rok končící 31. prosince		
	2013 neauditováno	2012	2012 auditováno, pokud není uvedeno jinak	2011	2010
<b>v milionech €</b>					
Čistý zisk/ztráta za období/rok připadající na akcionáře mateřské společnosti . . . . .	176.2	346.5	483.5	(718.9)	878.7
Anualizovaný čistý zisk/ztráta připadající na majitele mateřské společnosti . . . . .	704.8	1,386.0	—	—	—
Průměrný připadající vlastní kapitál . . . . .	12,980.1	12,398.4	12,748.2	13,038.2	13,077.3
<b>Výnos z vlastního kapitálu (ROE) (v %) . . . . .</b>	<b>5.4</b>	<b>11.2</b>	<b>3.8</b>	<b>—</b>	<b>6.7</b>

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank za účetní období končící 31. prosince 2012 a 2011 včetně komparativních finančních údajů za účetní období končící 31. prosince 2010 a neauditované prozatímní zestručnělé konsolidované finanční výkazy za tříměsíční období končící 31. března 2013 včetně komparativních finančních údajů za tříměsíční období končící 31. března 2012, kromě anualizovaného čistého zisku/ztráty připadajícího na akcionáře mateřské společnosti, který je založený na interních kalkulacích nebo informacích Erste Group Bank.

- (2) Poměr výplaty dividend představuje dividendy vyplacené akcionářům mateřské společnosti (vyjma dividend vyplacených z účastnického kapitálu) za příslušný rok vydělené čistým ziskem dosaženým za rok připadajícím na akcionáře mateřské

společnosti a není auditován za roční období končící 31. prosince 2012, 2011 a 2010. Následující tabulka znázorňuje výpočet poměru výplaty dividend za účetní období končící 31. prosince 2012, 2011 a 2010:

v milionech €	Rok končící 31. prosince		
	2012	2011	2010
Čistý zisk/ztráta za rok připadající na akcionáře mateřské společnosti . . . . .	483.5	(718.9)	878.7
Dividendy vyplacené akcionářům mateřské společnosti (kromě dividend vyplacených za účastnický kapitál) . . . . .	157.8 <sup>a)</sup>	—	264.7
<b>Poměr výplaty dividend (v %) (neauditováno) . . . . .</b>	<b>32.6</b>	<b>—</b>	<b>30.1</b>

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank za účetní období končící 31. prosince 2012 a 2011, včetně srovnatelných finančních údajů za účetní období končící 31. prosince 2010 a interních propočtů anebo informací Erste Group Bank.

(a) Neauditováno.

- (3) Poměr nákladů a výnosů je poměr provozních nákladů (všeobecných provozních nákladů) vyjádřený jako procento provozních výnosů (součtu čistého úrokového výnosu, čistého výnosu z poplatků a provizí a čistého výsledku obchodování). Následující tabulka znázorňuje výpočet poměru nákladů a výnosů za tříměsíční období končící 31. března 2013 a 2012 a za účetní období končící 31. prosince 2012, 2011 a 2010:

v milionech €	Tříměsíční období končící 31. března		Rok končící 31. prosince		
	2013	2012	2012	2011	2010
<b>Provozní náklady (obecné administrativní náklady) . . . . .</b>	<b>(931.2)</b>	<b>(945.1)</b>	<b>(3,756.7)</b>	<b>(3,850.9)</b>	<b>(3,816.8)</b>
Čistý příjem z úroků . . . . .	1,240.6	1,336.9	5,235.3	5,569.0	5,439.2
Čistý příjem z poplatků a provizí . . . . .	448.2	430.3	1,720.8	1,787.2	1,842.5
Čistý obchodní výsledek . . . . .	77.8	93.6	273.4	122.3	321.9
<b>Provozní zisk (neauditováno) . . . . .</b>	<b>1,766.6</b>	<b>1,860.8</b>	<b>7,229.5</b>	<b>7,478.5</b>	<b>7,603.7</b>
<b>Poměr nákladů/výnosů (v %) . . . . .</b>	<b>52.7</b>	<b>50.8</b>	<b>52.0</b>	<b>51.5</b>	<b>50.2</b>

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank za účetní období končící 31. prosince 2012 a 2011, včetně srovnatelných finančních informací za účetní rok končící 31. prosince 2010, a neauditované prozatímní zestručněné konsolidované finanční výkazy za tříměsíční období končící 31. března 2013, včetně srovnatelných finančních informací za tříměsíční období končící 31. března 2012.

- (4) Náklady na rizika jsou anualizované rizikové rezervy na úvěry a půjčky (vypočteny jako rizikové rezervy na úvěry a půjčky za tříměsíční období vynásobeny čtyřmi) anebo rizikové rezervy na úvěry a půjčky za rok ve vztahu k průměrné výši klientských úvěrů (na čtvrtletním základě) a jsou neauditované za roční období končící 31. prosince 2012, 2011 a 2010. Následující tabulka znázorňuje výpočet nákladů na rizika za tříměsíční období končící 31. března 2013 a 2012 a za účetní období končící 31. prosince 2012, 2011 a 2010:

v milionech €	Tříměsíční období končící 31. března		Rok končící 31. prosince		
	2013	2012	2012	2011	2010
Rizikové rezervy na úvěry a půjčky . . . . .	(402.2)	(580.6)	(1,980.0)	(2,266.9)	(2,021.0)
Anualizované rizikové rezervy na úvěry a půjčky . . . . .	(1,608.8)	(2,322.4)	—	—	—
Průměrné úvěry klientů (neauditováno) . . . . .	130,947.6	134,694.4	133,707.4	134,731.0	130,747.5
<b>Náklady na rizika (v %) (neauditováno) . . . . .</b>	<b>1.23</b>	<b>1.72</b>	<b>1.48</b>	<b>1.68</b>	<b>1.55</b>

Zdroj: Auditované konsolidované účetní závěrky Erste Group Bank za účetní období končící 31. prosince 2012 a 2011, včetně srovnatelných finančních informací za účetní období končící 31. prosince 2010, a neauditované prozatímní zestručněné konsolidované finanční výkazy za tříměsíční období končící 31. března 2013, včetně srovnatelných finančních informací za tříměsíční období končící 31. března 2012, kromě anualizovaných rizikových rezerv na úvěry a půjčky, průměrných úvěrů a půjček klientů a nákladů na rizika, která jsou založena na interních kalkulacích nebo informacích Erste Group Bank.

- (5) Tier-1 kapitál zahrnuje hybridní kapitál tier-1 podle § 23 odst. 4a a 4b zákona o bankách.
- (6) Kmenový kapitál tier-1 je tier-1 kapitál bez hybridního kapitálu tier-1 podle § 23 odst. 4a a 4b zákona o bankách.
- (7) Poměr kmenového kapitálu tier-1-celkové riziko je poměr kmenového kapitálu tier-1 (bez hybridního kapitálu tier-1 dle § 23 odst. 4a a 4b zákona o bankách k výpočtovému základu pro kapitálový požadavek podle § 22 odst. 1 zákona o bankách.
- (8) Poměr tier-1-celkové riziko je poměr kapitálu tier-1 (včetně hybridního kapitálu tier-1 dle § 23 odst. 4a a 4b zákona o bankách k výpočtovému základu pro kapitálový požadavek podle § 22 odst. 1 bod 1 zákona o bankách.
- (9) Poměr solventnosti je poměr mezi celkovým kvalifikovaným kapitálem a výpočtovým základem pro kapitálový požadavek podle § 22 odst. 1 bod 1 zákona o bankách.

## Oddíl B—Emitent

**Popis významné změny finanční situace emitenta a provozních výsledků během období, za které jsou uvedeny hlavní historické finanční ukazatele, nebo po tomto období.**

Některé finanční ukazatele uvedené v tomto Prospektu, které se týkají účetního období končícího k 31. prosinci 2010, byly podrobeny propočtu v auditovaných konsolidovaných účetních závěrkách pro účetní období končící k 31. prosinci 2011. Zejména se jedná o swapy úvěrových selhání klasifikované v účetnictví v obdobích před účetním obdobím končícím 31. prosince 2011 jako finanční záruky, které byly reklasifikovány a oceněny jako finanční nástroje reálnou hodnotou (fair value) prostřednictvím zisku a ztráty. Dále byly z důvodu harmonizace a zlepšení některých nástrojů informačních technologií v Erste Group podrobeny propočtu předchozí výpočty efektivních úrokových sazeb pro úvěry a půjčky poskytované klientům. Pokud není uvedeno jinak, finanční ukazatele uvedené v tomto Prospektu, týkající se účetního období končícího 31. prosince 2010, jsou převzaty nebo odvozeny z auditovaných konsolidovaných účetních závěrek za rok končící 31. prosince 2011. Proto se finanční ukazatele vztahující se k účetnímu období končícímu 31. prosince 2010, které jsou uvedeny v tomto Prospektu, částečně liší od finančních ukazatelů obsažených v auditovaných konsolidovaných účetních závěrkách Erste Group pro účetní období končící 31. prosince 2010.

Následující změny ve finanční situaci a provozních výsledcích Erste Group, které jsou zřejmé z uvedeného čistého úrokového výnosu, rizikových rezerv na úroky a půjčky, čistého příjmu z poplatků a provizí, všeobecných provozních nákladů, provozního výsledku a čistého zisku/ztráty za dané období/rok připadajícího na akcionáře mateřské společnosti za tříměsíční období končící 31. března 2013 a 2012 a účetní období končící 31. prosince 2012, 2011 a 2010.

### *Tříměsíční období končící 31. března 2013 a 2012*

V prvním čtvrtletí roku 2013 se čistý příjem z úroků snížil o 96,3 milionu EUR, tj. o 7,2%, a sice z 1 336,9 milionu EUR na 1 240,6 milionu EUR. Celkový příjem z úroků a obdobných příjmů se snížil o 322,4 milionu EUR, tj. o 13,9%, a sice z 2 319,4 milionu EUR v prvním čtvrtletí roku 2012 na 1 997,0 milionu EUR v prvním čtvrtletí roku 2013. Toto snížení celkových příjmů z úroků a obdobných příjmů je třeba přičítat zejména sníženým příjmům z úroků z úvěrů a transakcím s klienty na peněžním trhu, které se snížily o 253,5 milionu EUR, tj. o 16,2%, a sice ze 1 567,1 milionu v prvním čtvrtletí roku 2012 na 1 313,6 milionu EUR v prvním čtvrtletí roku 2013. Příjmy z úroků z dluhopisů a dalších úročených cenných papírů se významně snížily o 94,9 milionu EUR, tj. o 27,0%, a sice z 351,0 milionu EUR v prvním čtvrtletí roku 2012 na 256,1 milionu EUR v prvním čtvrtletí roku 2013. Tento negativní vývoj byl způsoben zejména celkovým snižováním úroků na trhu, pokračujícím poklesem zájmu o úvěry a následným efektem v podobě snížení vedlejších aktiv. V prvním čtvrtletí 2013 se celkové úrokové a obdobné výdaje snížily o 226,5 milionu EUR, tj. o 22,9%, a sice z 988,5 milionu EUR v prvním čtvrtletí 2012 na 762,0 milionu EUR v prvním čtvrtletí 2013. Hlavními faktory tohoto vývoje byl pokles úrokových výdajů na vklady bank, které se snížily o 95,6 milionu EUR, tj. o 45,2%, a sice z 211,3 milionu EUR v prvním čtvrtletí 2012, na 115,7 milionu EUR v prvním čtvrtletí 2013, a pokles úrokových výdajů



## Oddíl B—Emitent

na vklady klientů, které se snížily o 100,8 milionu EUR, tj. o 21,6%, a sice ze 466,1 milionu EUR v prvním čtvrtletí 2012 na 365,3 milionu EUR v prvním čtvrtletí 2013. Tento vývoj odrážel nižší úrokové sazby i průměrné objemy těchto pasiv (navzdory mírnému růstu ve vkladech klientů k 31. březnu 2013 oproti 31. prosinci 2012). Čistá úroková marže (čistý příjem z úroků v procentním vyjádření k průměrným zúročeným aktivům) se snížila z 2,87% v prvním čtvrtletí 2012 na 2,74% v prvním čtvrtletí 2013. Rizikové rezervy na úvěry a půjčky vykazovaly pozitivní trend a poklesly o 178,4 milionu EUR, tj. o 30,7%, a sice z 580,6 milionu EUR v prvním čtvrtletí 2012 na 402,2 milionu EUR v prvním čtvrtletí 2013. Úrovně zásob poklesly nebo byly stejné na všech hlavních trzích s výjimkou Chorvatska a Srbska. V prvním čtvrtletí 2013 se čisté příjmy z poplatků a provizí zvýšily o 17,9 milionu EUR, tj. o 4,2%, a sice ze 430,3 milionu EUR v prvním čtvrtletí 2012 na 448,2 milionu EUR v prvním čtvrtletí 2013. Tento vývoj lze primárně přisoudit zlepšeným transakcím s cennými papíry, které se zvýšily o 20,1 milionu EUR, tj. o 22,2%, a sice z 90,7 milionu EUR v prvním čtvrtletí 2012 na 110,8 milionu v prvním čtvrtletí 2013. V prvním čtvrtletí 2013 se čistý obchodní výsledek snížil o 15,8 milionu EUR, tj. o 16,9%, a sice z 93,6 milionu EUR v prvním čtvrtletí 2012 na 77,8 milionu EUR v prvním čtvrtletí 2013. Významné zlepšení u zahraničních měnových transakcí nevyrovnalo pokles příjmů z obchodů s cennými papíry a deriváty, který zaznamenal nadprůměrný výsledek v prvním čtvrtletí 2012. Výdaje na obecnou administrativu poklesly o 13,9 milionu EUR, tj. o 1,5%, a sice z 945,1 milionu EUR v prvním čtvrtletí 2012 na 931,2 milionu EUR v prvním čtvrtletí 2013. Personální výdaje se snížily o 5,9 milionu EUR, tj. o 1,0%, a sice z 570,5 milionu EUR v prvním čtvrtletí 2012 na 564,6 milionu EUR v prvním čtvrtletí 2013 vzhledem ke snížení stavů. Další provozní výsledek poklesl z 131,2 milionu EUR v prvním čtvrtletí 2012 na minus 103,3 milionu EUR v prvním čtvrtletí 2013. V prvním čtvrtletí 2012 byl kladný výsledek přisuzován zejména jednorázovému výsledku z odkoupení závazků spočívajících v amortizovaných nákladech ve výši 250,6 milionu EUR vzhledem k odkoupení nástrojů tier-1 a tier-2. Ostatní daně se zvýšily o 22,0% z 62,2 milionu EUR v prvním čtvrtletí 2012 na 75,9 milionu EUR v prvním čtvrtletí 2013, z nichž 71,6 milionu EUR připadalo na bankovní daně v Rakousku, na Slovensku a v Maďarsku. Celkový výsledek ve všech kategoriích finančních nástrojů a aktiv (výsledek z finančních nástrojů oceněných reálnou hodnotou (fair value) prostřednictvím zisku nebo ztráty, výsledek z realizovatelných finančních aktiv a výsledek z finančních aktiv držených do splatnosti) se snížil z 20,8 milionu EUR v prvním čtvrtletí 2012 na minus 28,5 milionu EUR v prvním čtvrtletí 2013. Kladné výsledky u portfolií k prodeji a držených do splatnosti nemohly vykompenzovat nižší příjmy z prodeje a zhodnocení reálné hodnoty portfolia.

Čistý zisk/ztráta za období připadající na vlastníky mateřské společnosti poklesl z 346,5 milionu EUR v prvním čtvrtletí 2012, což bylo způsobeno zejména pozitivním jednorázovým efektem, o 49,1%, na 176,2 milionu EUR v prvním čtvrtletí 2013.

## Oddíl B—Emitent

V prvním čtvrtletí 2013 se celková aktiva snížila z 213 824,0 milionu EUR k 31. prosinci 2012 o 834,4 milionu EUR, tj. o 0,4%, na 212 989,6 milionu EUR k 31. březnu 2013. Toto snížení hodnoty celkových aktiv bylo způsobeno poklesem klientských úvěrů a půjček, zejména v Maďarsku a Rumunsku stejně jako výsledkem poklesu hodnoty některých lokálních měn v rámci CEE vůči euru, primárně české koruny a maďarského forintu. Zatímco se hotovost a zůstatky u centrálních bank snížily z 9 740,5 milionu EUR k 31. prosinci 2012 na 7 445,8 milionu EUR k 31. březnu 2013, úvěry a půjčky úvěrovým institucím se zvýšily z 9 074,1 milionu EUR k 31. prosinci 2012 na 11 964,4 milionu EUR k 31. březnu 2013. Splacení závazků "Dlouhodobé refinanční operace" (Long-Term Refinancing Operation—LTRO) bylo z velké části vykompenzováno vyšší mezibankovní činností.

### *Účetní období končící 31. prosince 2012 a 2011*

V roce 2012 klesly čisté úrokové výnosy z 5 569,0 milionu EUR v roce 2011 o 333,7 milionu EUR, neboli o 6,0%, na 5 235,3 miliony EUR. V roce se 2012 celkové úrokové a podobné výnosy snížily o 555,5 milionu EUR, neboli o 5,9%, a sice z 9 350,6 milionu EUR v roce 2011 na 8 795,1 milionu EUR v roce 2012. Pokles celkových úrokových a obdobných výnosů byl způsoben hlavně snížením úrokových příjmů z úvěrů a transakcí s klienty na peněžním trhu, které klesly o 468,7 milionu EUR, neboli o 7,3%, a sice z 6 426,5 milionu EUR v roce 2011 na 5 957,8 milionu EUR v roce 2012. Tento vývoj byl důsledkem nízkých úrokových sazeb a útlumem poptávky po úvěrech, zejména v případě spotřebitelských úvěrů. V roce 2012 celkové úvěrové a podobné výnosy klesly o 213,4 milionu EUR, neboli o 5,6%, a sice z 3 789,6 milionu EUR v roce 2011 na 3 576,2 milionu EUR v roce 2012. K hlavním faktorům ovlivňujícím tento vývoj patřil pokles úrokových výdajů na vydané dluhové cenné papíry, které se snížily o 105,7 milionu EUR, neboli o 10,2%, a sice z 1 032,2 milionu EUR v roce 2011 na 926,5 milionu EUR v roce 2012, přičemž se v těchto údajích odrážejí jak nižší úrokové sazby, tak nižší průměrný objem těchto pasiv. Nižší úroveň úrokových sazeb způsobila také snížení úrokových výdajů na klientské vklady, které klesly o 90,7 milionu EUR, neboli o 5,0%, a sice z 1 831,8 milionu EUR v roce 2011 na 1 741,1 milionu EUR v roce 2012, a to i přes vyšší průměrné objemy klientských vkladů. V roce 2012 klesly rizikové rezervy na úvěry a půjčky o 286,9 milionu EUR, neboli o 12,7%, a sice z 2 266,9 milionu EUR v roce 2011 na 1 980,0 milionu EUR v roce 2012. Tento pokles byl způsoben primárně poklesem rizikových rezerv na úvěry a půjčky v Maďarsku (mimořádné rezervy ve výši 450,0 milionu EUR v roce 2011) a v České republice, které společně s nižšími rizikovými rezervami na úvěry a půjčky klientům v Rakousku více než vyrovnaly zvýšené rizikové rezervy na úvěry a půjčky v Rumunsku a Chorvatsku. V roce 2012 klesl čistý výnos z poplatků a provizí o 66,4 milionu EUR, neboli o 3,7%, a sice z 1 787,2 milionu EUR v roce 2011 na 1 720,8 milionu EUR v roce 2012. Tento vývoj byl způsoben především poklesem obchodu s cennými papíry (hlavně v Rakousku a České republice), jakož i úvěrových obchodů (zejména v České republice) a pojišťovacího zprostředkovatelství, přičemž k čistému výnosu z poplatků a provizí přispěla faktoringová dceřiná společnost Erste Group,

## Oddíl B—Emitent

Intermarket Bank AG, která byla konsolidována od 1. srpna 2011. V roce 2012 se zlepšil čistý hospodářský výsledek o 151,1 milionu EUR ze 122,3 milionu EUR v roce 2011 na 273,4 milionu EUR v roce 2012. Důvodem tohoto vývoje byly především změny reálné hodnoty investičního portfolia CDS divize International Business v uplynulém roce (tyto účty byly mezitím vypořádány), což mělo negativní dopad ve výši 182,6 milionu EUR. Obecné provozní náklady klesly o 94,2 milionu EUR, neboli o 2,4%, a sice z 3 850,9 milionu EUR v roce 2011 na 3 756,7 milionu EUR v roce 2012, a to přesto, že se míra inflace během roku 2012 zvýšila. Personální náklady se snížily o 39,6 milionu EUR, neboli o 1,7%, a sice z 2 323,7 milionu EUR v roce 2011 na 2 284,1 milionu EUR v roce 2012, a to z důvodu snížení počtu zaměstnanců o 1 071 (ekvivalentních plných úvazků), neboli o 2,1%, tj. z 50 452 zaměstnanců (ekvivalentních plných úvazků) k 31. prosinci 2011 na 49 381 zaměstnanců (ekvivalentních plných úvazků) k 31. prosinci 2012. Ke snížení došlo hlavně kvůli reorganizačním opatřením v Maďarsku, Rumunsku a na Ukrajině. V roce 2012 se ostatní provozní výsledky zlepšily ze záporné hodnoty 1 589,9 milionu EUR v roce 2011 na zápornou hodnotu 724,3 milionu EUR v roce 2012. K tomuto zlepšení přispěly především významně nižší odpisy goodwillu ve výši 514,9 milionu EUR, z nichž 469,4 milionu EUR připadá na Banca Comercială Română a 45,5 milionu EUR většinou na některé rakouské dceřiné společnosti, v porovnání s 1 064,6 milionu EUR v roce 2011, z nichž konkrétně 692,8 milionu EUR připadalo na Banca Comercială Română, 312,7 milionu EUR na Erste Bank Hungary a 52,7 milionu EUR na další rakouské dceřiné společnosti. Ostatní daně se zvýšily ze 163,5 milionu EUR v roce 2011 na 269,1 milionu EUR v roce 2012, především v důsledku bankovních daní v Rakousku, na Slovensku a v Maďarsku. Na Slovensku byla bankovní daň nově zavedena v roce 2012, což znamenalo za rok 2012 platbu ve výši 31,5 milionu EUR. V Maďarsku činila v roce 2012 bankovní daň 47,3 milionu EUR, zatímco v roce 2011 byla započtena oproti ztrátám vyplývajícím z předčasných splacení úvěrů v zahraniční měně za pevný kurs, který byl nižší než běžné tržní sazby. V Rakousku byla bankovní daň zvýšena o 25% a v roce 2012 činila celkem 165,2 milionu EUR. V roce 2012 se celkový výsledek všech kategorií finančních nástrojů a finančních aktiv (výsledek z finančních instrumentů oceněných reálnou hodnotou (fair value) přímým promítnutím do zisku/ztráty, výsledek z nerealizovaných finančních aktiv a výsledek z finančních aktiv držených do splatnosti) zlepšil ze záporné hodnoty 93,0 milionu EUR v roce 2011 na 32,7 milionu EUR v roce 2012. Pozitivního výsledku bylo dosaženo především díky vyšším ziskům z tržeb a nižším negativním oceňovacím dopadům na hodnotu portfolia určeného k prodeji.

Čistý roční zisk připadající na akcionáře mateřské společnosti za účetní rok 2012 dosáhl výše 483,5 milionu EUR, přičemž čistá ztráta připadající na akcionáře mateřské společnosti činila v účetním roce 2011 718,9 milionu EUR.

V roce 2012 vzrostla celková aktiva o 3 817,7 milionu EUR, neboli o 1,8%, a sice z 210 006,3 milionu EUR k 31. prosinci 2011 na 213 824,0 milionu EUR k 31. prosinci 2012. Nárůst celkových aktiv byl primárně způsobem nárůstem finančních

## Oddíl B—Emitent

aktiv v důsledku přípravných opatření ke splnění požadavků na likviditu předvídaných standardem Basilej 3 od roku 2014, stejně jako investicemi přebytečné likvidity z nárůstu klientských vkladů. Úvěry a půjčky úvěrovým institucím vzrostly ze 7 577,7 milionu EUR k 31. prosinci 2011 na 9 074,1 milionu EUR k 31. prosinci 2012 v důsledku přebytečné likvidity z vkladů. Nárůst aktiv držených za účelem prodeje z 87,2 milionu EUR k 31. prosinci 2011 na 708,1 milionu EUR k 31. prosinci 2012 byl vyvolán zařazením Erste Bank Ukraine, jakožto skupiny držené za účelem prodeje v souladu s IFRS 5 v návaznosti na podpis smlouvy o prodeji z prosince 2012.

### *Účetní období končící 31. prosince 2011 a 2010*

V roce 2011 se čisté úrokové výnosy zvýšily z 5 439,2 milionu EUR v roce 2010 o 129,8 milionu EUR, neboli o 2,4%, na 5 569,0 milionu EUR v roce 2011. Celkové úrokové a podobné výnosy se zvýšily o 529,0 milionu EUR, neboli o 6,0%, a sice z 8 821,6 milionu EUR v roce 2010 na 9 350,6 milionu EUR v roce 2011. Zvýšení celkových úrokových a podobných výnosů odráželo především zvýšení úrokových výnosů z finančních aktiv oceněných reálnou hodnotou (fair value) prostřednictvím zisku nebo ztráty, které se zvýšily ze 48,6 milionu EUR v roce 2010 na 322,3 milionu EUR v roce 2011. Celkové úrokové a podobné výdaje se v roce 2011 zvýšily o 386,2 milionu EUR, neboli o 11,3%, a sice z 3 403,4 milionu EUR v roce 2010 na 3 789,6 milionu EUR v roce 2011. Zvýšení celkových úrokových a obdobných výdajů odráželo především vyšší výdaje bank na vklady a klientské účty při vyšších objemech. V roce 2011 se rizikové rezervy na úvěry a půjčky zvýšily o 245,9 milionu EUR, neboli 12,2%, a sice z 2 021,0 milionu EUR v roce 2010 na 2 266,9 milionu EUR v roce 2011. Důvodem tohoto zvýšení byly především mimořádné rezervy v Maďarsku ve výši 450,0 milionu EUR v důsledku nových maďarských právních předpisů umožňujících předčasné splacení úvěrů v zahraniční měně za jiné, než tržní sazby, a navýšení ukazatele krytí úvěrů v selhání opravnými položkami (NPL coverage ratio). V Rakousku, České republice a na Slovensku byl zaznamenán pozitivní trend v rizikových nákladech, což částečně vykompenzovalo významné zvýšení v Maďarsku. V roce 2011 se čisté výnosy z poplatků a provizí snížily o 55,3 milionu EUR, neboli 3,0%, a sice z 1 842,6 milionu EUR v roce 2010 na 1 787,2 milionu EUR v roce 2011. Tento pokles byl způsoben především poklesy v obchodování s cennými papíry, a to v první řadě v Rakousku, jakož i v oblasti zprostředkování stavebního spoření a investičním bankovníctví. Všeobecné provozní náklady se zvýšily o 34,1 milionu EUR, neboli o 0,9%, a sice z 3 816,8 milionu EUR v roce 2010 na 3 850,9 milionu EUR v roce 2011. Personální náklady se zvýšily o 59,9 milionu EUR, neboli o 2,6%, a sice z 2 263,8 milionu EUR v roce 2010 na 2 323,7 milionu EUR v roce 2011. Důvodem tohoto zvýšení byly zčásti výplaty odstupného v České republice, rezervy na výplaty odstupného v Maďarsku a Rumunsku a integrace společnosti Informations-Technologie Austria GmbH do společnosti s IT Solutions AT k 1. červenci 2010. Ostatní provozní výsledky klesly o 1 150,5 milionu EUR ze záporné hodnoty 439,3 milionu EUR v roce 2010 na zápornou hodnotu 1 589,9 milionu EUR v roce 2011. To bylo způsobeno především snížením hodnoty goodwillu v roce 2011 v celkové výši 1 064,6 milionu EUR. Z této částky připadalo

## Oddíl B—Emitent

		<p>konkrétně 692,8 milionu EUR na společnost Banca Comercială Română v důsledku nižší ziskovosti bankovního sektoru v Rumunsku, 312,7 milionu EUR činily odpisy celé výše goodwillu Erste Bank Hungary v září 2011 v důsledku složité hospodářské situace v Maďarsku a schválení právních předpisů umožňujících předčasné splacení úvěrů v zahraniční měně za fixní směnný kurz, který byl nižší než běžné tržní směnné kurzy, a 52,7 milionu EUR připadalo na některé rakouské dceřiné společnosti, zejména regionální spořitelny, a na činnosti v oblasti správy aktiv. Ostatní daně se zvýšily o 91,6 milionu EUR ze 71,9 milionu EUR v roce 2010 na 163,5 milionu EUR v roce 2011, a to hlavně kvůli bankovním daním. V Rakousku byla bankovní daň zavedena v roce 2011, což představovalo pro Erste Group Bank výdaj ve výši 132,1 milionu EUR.</p> <p>V roce 2011 se čistý roční zisk/ztráta připadající na akcionáře mateřské společnosti snížil/a o 1 597,6 milionu EUR, z čistého ročního zisku připadajícího na akcionáře mateřské společnosti ve výši 878,7 milionu EUR v roce 2010 na čistou roční ztrátu za účetní období připadající na akcionáře mateřské společnosti ve výši 718,9 milionu EUR v roce 2011. Pokles odráží především významný pokles čistého ročního zisku/ztráty z čistého zisku 1 324,2 milionu EUR v roce 2010 na čistou ztrátu 322,2 milionu EUR v roce 2011.</p> <p>V roce 2011 vzrostla celková aktiva o 4 236,3 milionu EUR, neboli o 2,1% z 205 770,0 milionu EUR k 31. prosinci 2010 na 210 006,3 milionu EUR k 31. prosinci 2011. Nárůst celkových aktiv byl způsoben nárůstem hotovosti a zůstatků u centrálních bank o 61,2% z 5 839,4 milionu EUR k 31. prosinci 2010 na 9 412,9 milionu EUR k 31. prosinci 2011, primárně jako důsledek dočasné dodatečné likvidity z dlouhodobých refinančních operací („Long-Term Refinancing Operations“ (LTRO)) ECB. Ve stejnou dobu došlo k poklesu úvěrů a půjček úvěrovým institucím o 39,4% z 12 496,5 milionu EUR k 31. prosinci 2010 na 7 577,7 milionu EUR k 31. prosinci 2011 v důsledku omezení vedlejších („non-core“) činností.</p>
B.8	Vybrané hlavní pro-forma finanční údaje	Neuplatní se (pro forma finanční údaje se nevyžadují).
B.9	Prognóza nebo odhad zisku	Neuplatní se (nebyla provedena žádná prognóza ani odhad zisku).
B.10	Povaha veškerých výhrad ve zprávě auditora o historických finančních údajích	Neuplatní se (nejsou žádné výhrady).
B.11	Nedostatek provozního kapitálu emitenta pro splnění stávajících požadavků	Neuplatní se (provozní kapitál je dostatečný).



Oddíl C—Cenné papíry		
C.1	<p><b>Druh a zařídění nabízených a/nebo k obchodování přijímaných cenných papírů</b></p> <p><b>Identifikační čísla cenných papírů</b></p>	<p>Až 83 897 737 nových kmenových akcií na majitele s hlasovacím právem (kmenové akcie) a jmenovitou hodnotou 2,00 EUR na akcii, emitovaných s emisním ážiem („Nová akcie“ a společně „Nové akcie“), tvořící základní kapitál Erste Group Bank (které představují celkovou hodnotu předmětného schváleného kapitálu a jen do odpovídající hodnoty přibližně 660 milionů EUR očekávaných hrubých výnosů).</p> <p>Mezinárodní identifikační číslo (ISIN) Stávajících akcií: AT0000652011</p> <p>Mezinárodní identifikační číslo (ISIN) Nových akcií: AT0000652011</p> <p>Mezinárodní identifikační číslo (ISIN) Přednostních práv na upsání akcií: AT0000A10QP8</p>
C.2	<b>Měna emise cenných papírů</b>	EUR
C.3	<b>Počet akcií vydaných a plně splacených a vydaných, ale nespacených / jmenovitá hodnota akcie</b>	K datu vyhotovení tohoto Prospektu činí základní kapitál Erste Group Bank 789 137 294 EUR. Je rozdělen na 394 568 647 ks akcií na majitele opravňujících k hlasování na valné hromadě (kmenové akcie), z nichž každá reprezentuje hodnotu na základním kapitálu 2,00 EUR za akcii, a je emitována s emisním ážiem. Základní kapitál Erste Group Bank je plně splacen.
C.4	<b>Práva spojená s cennými papíry</b>	<p>Novým akciím přísluší stejná práva jako ostatním akciím Erste Group Bank a nebudou jim poskytována žádná další práva či výhody.</p> <p>Každá akcie Erste Group Bank, včetně Nových akcií, opravňuje svého držitele hlasovat na valné hromadě Erste Group Bank jedním hlasem. Na tato hlasovací práva se nevztahují žádná omezení. Všichni akcionáři Erste Group Bank mají stejná hlasovací práva.</p> <p>S novými akciemi je spojeno plné právo na výplatu dividend za účetní období 2013 a za všechna následující účetní období. Veškeré akcie Erste Group Bank, včetně Nových akcií, se podílí na ztrátách Erste Group Bank až do výše jejich nominální hodnoty a opravňují podílet se na likvidačním zůstatku. V případě likvidace, zrušení nebo insolvence Erste Group Bank nebo v případě procesů, jejichž účelem je odvrácení insolvence emitenta, nebudou v souvislosti s akciemi Erste Group Bank prováděny žádné platby až do okamžiku, kdy budou všichni věřitelé (kromě věřitelů s pohledávkami náležejícím <i>pari passu</i> do základního kapitálu) plně uspokojeni nebo zajištěni.</p> <p>Nové akcie nabízené tímto Prospektem neposkytují žádná práva na přednostní upsání Nových akcií nabízených na základě tohoto Prospektu.</p>
C.5	<b>Popis veškerých omezení převoditelnosti cenných papírů</b>	Neuplatní se (Nové akcie a práva upsání Nových akcií („Přednostní právo na upsání akcií“) podle § 153 odst. 1 rakouského zákona o akciových společnostech z roku 1965, v platném znění ( <i>Aktiengesetz</i> ) („zákon o akciových společnostech“), jsou volně převoditelná v souladu s platným právem a platnými pravidly společnosti Oesterreichische Kontrollbank Aktiengesellschaft („OeKB“), která je centrálním deponitářem cenných papírů.



**Oddíl C—Cenné papíry**

<b>C.6</b>	<b>Žádost o přijetí k obchodování na regulovaném trhu / shodnost regulovaných trhů, na nichž cenné papíry mají být obchodovány</b>	<p>Erste Group Bank požádá o povolení obchodovat Nové akcie na (i) Oficiálním trhu (<i>Amtlicher Handel</i>) Burzy cenných papírů ve Vídni, (ii) na Primárním trhu Burzy cenných papírů v Praze, a (iii) v kategorii mezinárodních akcií na Burze cenných papírů v Bukurešti a očekává udělení souhlasů do 4. července 2013 a zahájení obchodování (i) v segmentu Primárního trhu vídeňské Burzy a (ii) v kategorii mezinárodních akcií na Burze cenných papírů v Bukurešti v obou případech k 5. červenci 2013 nebo kolem tohoto data a (iii) na Primárním trhu Burzy cenných papírů v Praze k 8. červenci 2013 nebo kolem tohoto data.</p> <p>Erste Group Bank požádá o povolení obchodování Přednostních práv na upsání akcií na Burze cenných papírů ve Vídni. Zahájení obchodování s Přednostními právy na upsání akcií se očekává kolem 9. července 2013 a ukončení kolem 11. července 2013.</p>
<b>C.7</b>	<b>Dividendová politika</b>	<p>Dividendová politika Erste Group Bank s ohledem na její kmenové akcie není založena na pevné dividendě určené k výplatě. S ohledem na podstatně zvýšené příjmy v účetním roce 2012 v porovnání s účetním obdobím 2011, Erste Group Bank vyplatila k 24. květnu 2013 za účetní rok 2012 dividendu v hodnotě 0,40 EUR na akcii. Při této úrovni odpovídala dividendu určená k výplatě na kmenovou akcii, s výjimkou účetního roku 2011, historickým úrovním v rozmezí 20% až 30%. Erste Group Bank má v úmyslu v budoucnu pokračovat ve výplatě dividendy z kmenových akcií. Její hodnota bude záviset od ziskovosti Erste Group, výhledu růstu a kapitálových požadavcích.</p>

## Oddíl D—Rizika

D.1	<p><b>Hlavní rizika specifická pro emitenta nebo jeho odvětví</b></p>	<p><b>Rizika vztahující se k podnikání Erste Group</b></p> <ul style="list-style-type: none"> <li>• Složitě makroekonomické a finanční podmínky na trhu mohou mít vážný negativní vliv na podnikání, finanční stabilitu, provozní výsledky a vyhlídky Erste Group.</li> <li>• Erste Group byla a může být i nadále ovlivňována pokračující evropskou krizí státních dluhů, což může vést k nutnosti provedení odpisů v souvislosti s angažovaností vůči státnímu dluhu některých zemí.</li> <li>• Erste Bank pocítila a může v budoucnu pocítit zhoršení kvality poskytnutých úvěrů, zejména v důsledku finančních krizí nebo ekonomických poklesů.</li> <li>• Erste Group je vystavena významnému riziku stran svých obchodních partnerů, jejich selhání mohou vést ke ztrátám, které převyšují rezervy Erste Group.</li> <li>• Strategie hedgingu Erste Group se mohou ukázat jako neefektivní.</li> <li>• Erste Group čelí klesající hodnotě zástav zajišťujících úvěry na komerční a rezidenční nemovitosti.</li> <li>• Tržní výkyvy a volatilita mohou negativně ovlivnit hodnotu aktiv Erste Group, snížit její ziskovost a ztížit reálné ocenění některých jejích aktiv.</li> <li>• Erste Group je vystavena riziku nedostupnosti likvidních prostředků.</li> <li>• Existuje riziko, že ratingové agentury mohou pozastavit, snížit či ukončit rating Erste Group Bank nebo země, kde Erste Group Bank působí, a že takový postup může negativně ovlivnit podmínky refinancování pro Erste Group Bank, zejména pokud jde o její přístup k trhu dluhopisů.</li> <li>• Nové vládní nebo regulatorní požadavky a změny v předpokládaných úrovních kapitálové přiměřenosti, likvidity a poměru zadlužení mohou znamenat, že Erste Group bude podléhat vyšším požadavkům na kapitálové vybavení, požadavkům na likviditu nebo standardům a bude nucena zajistit si v budoucnosti dodatečný kapitál nebo likviditu.</li> <li>• Strategie řízení rizik a interní kontrolní procesy Erste Group mohou vést k tomu, že bude vystavena neidentifikovaným nebo neočekávaným rizikům.</li> <li>• Podnikání Erste Group zahrnuje provozní rizika.</li> <li>• Erste Group může mít potíže s náborem nebo udržením kvalifikovaných zaměstnanců.</li> <li>• Jakákoli porucha, přerušení provozu informačních systémů Erste Group nebo narušení jejich bezpečnosti či jakákoli nedostatečná aktualizace těchto systémů může vést k obchodním i jiným ztrátám.</li> <li>• Po Erste Group Bank může být žádáno poskytnutí finanční podpory ohroženým bankám sdružených ve spolku <i>Haftungsverbund</i>, což může vést k významným nákladům a přesměrování zdrojů z jiných činností.</li> </ul>
-----	---	---

## Oddíl D—Rizika

- Změny úrokových sazeb jsou způsobeny mnoha faktory mimo kontrolu Erste Group, přičemž tyto změny mohou mít významný nepříznivý vliv na její finanční výsledky, včetně čistých úrokových výnosů.
- Protože podstatná část činnosti, majetku a klientů Erste Group je situována do zemí střední a východní Evropy („CEE“), které nejsou součástí Eurozóny, jsou Erste Group a její klienti vystaveni měnovým rizikům.
- Erste Group nemusí být schopna dosáhnout návratu ziskovosti BCR nebo může být nucena vytvořit opravné položky vyplývající z předchozích akvizic.
- Změna zajišťovacích standardů Evropské centrální banky může negativně ovlivnit financování Erste Group a její přístup k likviditě.
- Erste Group působí na vysoce konkurenčních trzích a soutěží jak s velkými mezinárodními finančními institucemi, tak i zavedenými lokálními konkurenty.
- Hlavní akcionář Erste Group Bank může ovládat jednání dalších akcionářů.
- Smluvní závazky Rakouské republiky mohou ovlivnit podnikání Erste Group Bank.
- V souvislosti s dodržováním předpisů proti praní špinavých peněz, korupci a financování terorismu je třeba vynakládat značné prostředky a úsilí, přičemž jejich nedodržování může mít jednak závažné právní následky, ale může poškodit i dobré jméno.
- Změny v zákonech na ochranu spotřebitele, jakož i použití nebo výklad těchto zákonů, mohou omezit poplatky a jiné úplaty, které Erste Group účtuje za některé bankovní operace, a mohou umožnit spotřebitelům požadovat zpět některé z těchto již v minulosti zaplacených poplatků.
- V souvislosti se začleněním případných budoucích akvizic může dojít k dodatečným požadavkům.

### **Rizika týkající se trhů, na kterých Erste Group působí**

- Vystoupení jakékoliv či vícero zemí z Eurozóny by mohlo mít nepředvídatelné důsledky pro finanční systém a širší ekonomiku a mohlo by případně vést k poklesu úrovně podnikatelské činnosti, odpisům majetku a ztrátám napříč podnikáním Erste Group.
- Erste Group působí na nově vznikajících trzích, na kterých může dojít k rychlým ekonomickým nebo politickým změnám, přičemž každá z nich může negativně ovlivnit její finanční výkonnost a provozní výsledky.
- Přislíbené finanční prostředky EU nemusí být uvolněny a EU nemusí přijmout další podpůrné programy.
- Ztráta důvěry klientů v podnikání Erste Group nebo v bankovní obchody obecně by mohla vést k neočekávaně vysoké úrovni výběrů klientských vkladů, což by mělo podstatný negativní vliv na výsledky, finanční stabilitu a likviditu Erste Group.

## Oddíl D—Rizika

		<ul style="list-style-type: none"> <li>• Problémy s likviditou, které zaznamenaly určité země CEE, mohou negativně ovlivnit širší region CEE a mohly by mít negativní dopad na obchodní výsledky a finanční stabilitu Erste Group.</li> <li>• Vlády zemí, v nichž Erste Group působí, mohou reagovat na finanční a hospodářskou krizi nárůstem protekcionismu, znárodňováním či podobnými opatřeními.</li> <li>• Na Erste Group může mít negativní vliv pomalejší růst nebo recese bankovního sektoru, v němž působí, jakož i pomalejší expanze Eurozóny a EU.</li> <li>• Právní systémy a procesní záruky v mnoha zemích CEE, zejména ve východoevropských zemích, nejsou zatím plně rozvinuty.</li> <li>• Platné insolvenční zákony a jiné zákony a předpisy upravující práva věřitelů v různých zemích CEE mohou omezovat schopnost Erste Group získat platby z nesplacených úvěrů a půjček.</li> <li>• Od Erste Group může být vyžadována účast na vládních programech na podporu úvěrových institucí nebo jejich financování nebo financování vládních programů na konsolidaci veřejného rozpočtu, mimo jiné zavedením bankovních daní či jiných odvodů.</li> </ul>
D.3	Hlavní rizika specifická pro cenné papíry	<p><b>Rizika související s Kombinovanou nabídkou a s Novými akciami</b></p> <ul style="list-style-type: none"> <li>• Pokud Erste Group Bank nebude schopná dosáhnout z Kombinované nabídky čisté výnosy ve výši přibližně 630 milionů EUR, zvažované splacení Účastnických cenných papírů nebude realizováno v souladu s předpokládaným plánem nebo vůbec.</li> <li>• Aktiva majitelů cenných papírů v Erste Group Bank, kteří se rozhodnou neúčastnit se Kombinované nabídky, budou rozředěna.</li> <li>• Cena Akcií může kolísat z řady důvodů, z nichž mnohé nemůže Erste Group Bank ovlivnit.</li> <li>• Budoucí prodeje či rozdělení akcií Erste Group Bank jejími většinovými Akcionáři by mohly stlačit tržní cenu Nových akcií.</li> <li>• Neexistuje záruka, že Přednostní práva na upsání akcií budou obchodována nebo pokud k obchodování dojde, neexistuje garance, že cena Přednostních práv na upsání akcií nebude kolísat více než cena Akcií.</li> <li>• Erste Group Bank bude schopna vyplácet dividendy z Akcií v závislosti na tom, zda vytvoří zisk k rozdělení, avšak nemusí je být schopna vyplácet ani tehdy, pokud zisk vytvoří.</li> <li>• Právo Akcionářů na výplatu dividend bude strukturálně nebo efektivně podřízeno nárokům stávajících a budoucích věřitelů dceřiných společností Erste Group Bank.</li> <li>• Akcionáři jsou vystaveni riziku nevýhodných změn devizových směnných kursů a nepříznivých daňových důsledků.</li> </ul>

Oddíl D—Rizika		
		<ul style="list-style-type: none"> <li>• Práva akcionářů v rakouské korporaci se mohou lišit od práv akcionářů v korporaci se sídlem v jiné jurisdikci.</li> <li>• Přerušení obchodování Akcií by mohlo negativně ovlivnit jejich cenu.</li> <li>• Někteří Akcionáři budou vyloučeni z účasti na budoucích nabídkách vlastního kapitálu Erste Group Bank.</li> <li>• Americký zákon o cizích účtech a srážkových daních může mít vliv na výplaty v souvislosti s Novými akciemi.</li> <li>• Upisovatelská smlouva mezi Erste Group Bank a Manažery se řídí obvyklými podmínkami.</li> <li>• Na úpis Nových akcií v rámci Institucionální předběžné nabídky se vztahuje možnost částečného neposkytnutí plnění (claw-back) a odloženého vypořádání.</li> </ul>
Oddíl E—Nabídka		
E.1	<b>Celkové čisté výnosy a odhad celkových nákladů emise / nabídky, včetně odhadovaných nákladů, které emitent nebo předkladatel nabídky účtuje investorovi</b>	<p>Na základě předpokládaného úpisu a konečné nabídkové ceny ve výši 20,51 EUR za Novou akcií, která odpovídá závěrečné ceně Stávajících akcií na Burze cenných papírů ve Vídni k datu 28. června 2013, očekává Erste Group Bank čistý výnos této Kombinované nabídky ve výši přibližně 630 milionů EUR, pokud bude emitováno všech 32 179 425 Nových akcií (za předpokladu emise Nových akcií za Konečnou cenu úpisu a nabídky ve výši 20,51 EUR za Novou akcií, která odpovídá závěrečné ceně Stávajících akcií na Burze cenných papírů ve Vídni k datu 28. června 2013, a očekávaným čistým výnosům této Kombinované nabídky ve výši 660 milionů EUR), po odečtení daně z investic, provizí za úpis a nákladů na nabídku v odhadované výši 30 milionů EUR.</p> <p>Erste Group Bank ani J.P. Morgan Securities plc. („J.P. Morgan“) ani Morgan Stanley Bank AG („Morgan Stanley“ a dále společně s Erste Group Bank a J.P. Morgan jako „Společní globální koordinátoři a Společní správci knih“) ani COMMERZBANK Aktiengesellschaft („Commerzbank“) ani ING Bank N.V. („ING“ a, společně s J.P. Morgan, Morgan Stanley a Commerzbank jako „Manažeři“) nebudou účtovat žádné poplatky za úpis Nových akcií ani stávajícím ani novým akcionářům. Depozitní banky, správci či další finanční zprostředkovatelé, jejichž prostřednictvím mohou Závěmci uplatňovat své Přednostní právo na upsání akcií, respektive podávat příkazy k úpisu, si mohou účtovat obvyklou bankovní provizi za výkon Přednostního práva na upsání akcií nebo za podání příkazu k nákupu jménem Závěmců. Závěmcům se doporučuje, aby se o výši těchto nákladů informovali.</p>
E.2a	<b>Důvody nabídky, využití výnosů, odhadovaná čistá výše výnosů</b> <b>Důvody nabídky</b>	<p>Erste Group dlouhodobě udržuje úroveň kapitálové přiměřenosti daleko přesahující minimální regulatorně stanovené úroveň a vždy splňovala příslušné požadavky na kapitálovou přiměřenost před oficiálními termíny jejich účinnosti. Představenstvo a dozorčí rada věří, že je rozumné, a v nejlepším zájmu všech akcionářů Erste Group Bank, proaktivně posílit kapitálovou pozici Erste Group Bank, speciálně s ohledem na zpřísňující se požadavky na kapitálovou přiměřenost, mající vliv na posouzení existujících kapitálových instrumentů Erste Group Bank.</p>

**Oddíl E—Nabídka****Použití výnosů a očekávaná čistá hodnota výnosů**

Na základě předpokládané Konečné ceny úpisu a nabídky ve výši 20,51 EUR za Novou akcii, která odpovídá závěrečné ceně Stávajících akcií na Burze cenných papírů ve Vídni k datu 28. června 2013, očekává Erste Group Bank čistý výnos této Kombinované nabídky ve výši přibližně 630 milionů EUR, za předpokladu, že bude emitováno všech 32 179 425 Nových akcií (za předpokladu emise Nových akcií za Konečnou cenu úpisu a nabídky ve výši 20,51 EUR za Novou akcii, která odpovídá závěrečné ceně Stávajících akcií na Burze cenných papírů ve Vídni k datu 28. června 2013, a očekávaným čistým výnosům této Kombinované nabídky ve výši 660 milionů EUR), po odečtení daně z investic, provizí za úpis a nákladů na nabídku v odhadované výši 30 milionů EUR.

Erste Group Bank zamýšlí použít čisté výnosy z této Kombinované nabídky na posílení kapitálové vybavenosti Erste Group Bank a navýšení některých kapitálových ukazatelů Erste Group Bank a Erste Group po zvažovaném odkupu Účastnických cenných papírů (jak popsáno níže). Navýšení vlastního kapitálu na základě Kombinované nabídky poskytne rovněž flexibilitu s ohledem na nové anebo změněné požadavky na kapitálovou přiměřenost a bude v souladu s tržním očekáváním na vyšší kapitálovou vybavenost v bankovním sektoru.

Hodnota podílu kmenového tier-1 kapitálu Erste Group (při aplikaci pravidel kapitálové přiměřenosti zavedených rámcem Basilej 2.5 a při vyloučení (i) Účastnického kapitálu a (ii) nerozděleného zisku za první čtvrtletí 2013) k 31. březnu 2013 upravená o očekávané čisté výnosy z Kombinované nabídky v hodnotě přibližně 630 milionů EUR by měla být 10,2%. To by znamenalo nárůst o 0,6 procentního bodu oproti zveřejněnému podílu kmenového kapitálu tier-1 ve výši 9,6% k 31. březnu 2013. S ohledem na posílení kapitálové vybavenosti očekává Erste Group splnění cílového podílu jejího vlastního kapitálu tier-1 podle plně implementovaných pravidel Basilej 3 ve výši 10% do 31. prosince 2014.

Současně přestane být v roce 2017 regulatorně uznávána velká část Účastnického kapitálu (držená Rakouskou republikou), a tím i pomine jeho pozitivní vliv na kmenový podíl kapitálu tier-1 Erste Group Bank. Plánované stažení Účastnického kapitálu navíc dále posílí schopnost tvorby kapitálu Erste Group a zlepší kapitálovou přiměřenost, protože z Účastnických cenných papírů se od roku 2014 nebudou vyplácet žádné roční dividendové platby. Bez stažení Účastnického kapitálu by od počátku roku 2014 byla dividendová sazba z Účastnických cenných papírů předmětem dalšího zvyšování ze své současné úrovně 8,0% za rok. Pro účetní roky končící 31. prosince 2014 a 2015 by hrubé úspory v dividendových platbách z Účastnických cenných papírů dosahovaly 149 milionů EUR resp. 158 milionů EUR, v obou případech bez daně. V následujících letech by byly hrubé úspory ještě vyšší. Dividendové platby držitelům Účastnických cenných papírů jsou obecně uskutečňovány před rozdělením dividend akcionářům Erste Group Bank. Pokud není uskutečněna výplata dividend z kmenových akcií Erste Group Bank, Erste Group Bank není povinna vyplatit dividendy z Účastnických cenných papírů (bez ohledu na to, zda bude k dispozici zisk pro rozdělení). Na základě toho je zamýšleno navrhnout valné hromadě v roce 2014, aby rozhodla o dividendových platbách z Účastnických cenných papírů pro účetní rok končící



<b>Oddíl E—Nabídka</b>		
		31. prosincem 2013, zohledňujíc poměrně období účetního roku končícího 31. prosince 2013 od 1. ledna 2013 do stažení Účastnických cenných papírů.
<b>E.3</b>	<b>Popis podmínek nabídky</b> <b>Kombinovaná nabídka</b>	<p>Nabídka až 83 897 737 ks Nových akcií (které představují celkovou hodnotu předmětného schváleného kapitálu a jen do odpovídající hodnoty přibližně 660 milionů EUR očekávaných hrubých výnosů), která je předmětem tohoto Prospektu, sestává z (i) nabídky úpisu stávajícím akcionářům Erste Group Bank a nabyvatelům Přednostních práv na upsání akcií (dále jako „Držitelé přednostních práv na upsání akcií“ a jednotlivě jako „Držitel přednostních práv na upsání akcií“) (dále společně jako „Akcionáři“ a jednotlivě jako „Akcionář“) („Nabídka úpisu stávajícím akcionářům“); a (ii) z nabídky úpisu učiněné vybraným kvalifikovaným institucionálním investorům před zahájením Nabídky úpisu stávajícím akcionářům, která umožňuje částečné neposkytnutí plnění a podléhá odloženému vypořádání („Institucionální předběžná nabídka“ a společně s Nabídkou úpisu stávajícím akcionářům, „Kombinovaná nabídka“), formou zrychleného procesu bookbuilding (accelerated book-building).</p> <p>Institucionální předběžná nabídka umožňuje částečné neposkytnutí plnění a podléhá odloženému vypořádání za účelem zajištění toho, aby Nové akcie připadající na Přednostní právo na upsání akcií, kterého se někteří Akcionáři nevzdali, byly k dispozici pro účely úpisu Akcionáři v rámci Nabídky úpisu stávajícím akcionářům.</p> <p>Kombinovaná nabídka bude realizována: (i) ve Spojených státech soukromými nabídkami kvalifikovaným institucionálním kupujícím („QIBs“) v souladu s pravidlem 144A zákona o cenných papírech USA z roku 1933, v platném znění („Zákon o cenných papírech“); a (ii) soukromými nabídkami vybraným kvalifikovaným institucionálním investorům mimo Spojené státy. Kromě toho bude Nabídka úpisu stávajícím akcionářům zahrnovat veřejné nabídky v Rakousku, České republice a Rumunsku. Kombinovaná nabídka mimo Spojené státy bude provedena v souladu s Nařízením S Zákona o cenných papírech.</p> <p>Někteří Akcionáři, včetně Erste Stiftung, Sparkassen Beteiligungs GmbH &amp; Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung a některé spořitelny se vzdali zcela nebo zčásti svého Přednostního práva na upsání akcií („Odmítnutá přednostní práva na upsání akcií“).</p> <p>Za účelem provedení Kombinované nabídky uzavřela Erste Stiftung dohodu s J.P. Morgan a Morgan Stanley, na základě které byla Společným globálním koordinátorům a Společným správcům knih (kromě Erste Group Bank) udělena opce na nákup Stávajících akcií držených Erste Stiftung až do celkové hodnoty přibližně 80 milionů EUR za Konečnou cenu úpisu a nabídky (definovanou níže) za Nové akcie v rámci Kombinované nabídky. Erste Group Bank neobdrží žádné výnosy z prodeje těchto akcií, pokud Společní globální koordinátoři a Společní správci knih (kromě Erste Group Bank) uplatní svou opci na nákup Stávajících akcií držených Erste</p>

**Oddíl E—Nabídka**

**Cena nabídky, Cena úpisu, Poměr pro přednostní úpis a maximální počet Nových akcií**

Stiftung až do celkové hodnoty přibližně 80 milionů EUR za Konečnou cenu úpisu a nabídky. V související dohodě mezi Erste Group Bank a Erste Stiftung se Erste Group Bank zavázala poskytnout Erste Stiftung úplatu za opci ve výši 3,3 milionů EUR. Podle nejaktuálnějšího oznámení Erste Stiftung o hlasovacích právech a za předpokladu, že (i) v Kombinované nabídce bude emitováno 32 179 425 Nových akcií (za předpokladu emise Nových akcií za Konečnou cenu úpisu a nabídky ve výši 20,51 EUR za Novou akcii, která odpovídá závěrečné ceně Stávajících akcií na Burze cenných papírů ve Vídni k datu 28. června 2013, a očekávaným čistým výnosům této Kombinované nabídky ve výši 660 milionů EUR) a (ii) Erste Stiftung, Sparkassen Beteiligungs GmbH & Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung a některé spořitelny neuplatní žádná Přednostní práva na upsání akcií, po dokončení Kombinované nabídky bude Erste Stiftung držet 24,41% hlasovacích práv Erste Group Bank. Pokud bude výše zmíněná opce J.P. Morgan a Morgan Stanley plně uplatněna, procentní hodnota hlasovacích práv v Erste Group Bank držných Erste Stiftung dále poklesne.

Cena za úpis Nových akcií v rámci Nabídky úpisu stávajícím akcionářům („Cena úpisu“) se bude rovnat nabízené ceně za Nové akcie v rámci Institucionální předběžné nabídky („Cena nabídky“). Maximální Cena úpisu a maximální Cena nabídky („Maximální cena úpisu a cena nabídky“) byly stanoveny ve výši 25,00 EUR za Novou akcii.

Konečný počet Nových akcií, které mají být emitovány v rámci Kombinované nabídky, Poměr pro přednostní úpis v rámci Nabídky úpisu stávajícím akcionářům, konečnou Cenu úpisu a konečnou Cenu nabídky („Konečná cena úpisu a nabídky“) stanoví Erste Group Bank na základě konzultace se Společnými globálními koordinátoři a Společnými správci knih (kromě Erste Group Bank) po uplynutí Období pro institucionální předběžnou nabídku 2. července 2013 nebo okolo tohoto data. Konečné ceny úpisu a nabídky budou stanoveny jako Maximální cena úpisu a cena nabídky nebo níže, a budou určeny na základě nabídkové knihy vytvořené ve zrychleném procesu Institucionální předběžné nabídky s tím, že bude vzata v úvahu tržní cena Stávajících akcií Erste Group Bank na Burze cenných papírů ve Vídni převažující v době stanovení ceny, která se očekává 2. července 2013 nebo okolo tohoto data. Konečný počet Nových akcií nabízených v Kombinované nabídce bude stanoven při zohlednění cílových čistých výnosů Kombinované nabídky v hodnotě přibližně 630 milionů EUR a Konečné ceny úpisu a nabídky. Pokud očekávaný čistý výnos může být dosažen vydáním méně než 83 897 737 Nových akcií, což představuje horní limit Kombinované nabídky, Erste Group Bank může rozhodnout ve své výlučné diskreci o vydání méně než 83 897 737 Nových akcií. Poměr pro přednostní úpis v rámci Nabídky úpisu stávajícím akcionářům bude vypočten na základě poměru konečného počtu Nových akcií a počtu Stávajících akcií.

## Oddíl E—Nabídka

### Institucionální předběžná nabídka

Konečná cena úpisu a nabídky, konečný počet Nových akcií nabízených v Kombinované nabídce a Poměr pro přednostní úpis v Nabídce úpisu stávajícím akcionářům budou oznámeny a zveřejněny, kromě jiného prostřednictvím ad-hoc oznámení, v elektronických médiích a na internetové stránce Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)) dne 2. července 2013 nebo v období okolo tohoto data. Konečná cena úpisu a nabídky, konečný počet Nových akcií nabízených v Kombinované nabídce a Poměr pro přednostní úpis v Nabídce úpisu stávajícím akcionářům budou rovněž oznámeny na internetových stránkách v České republice a v Rumunsku dne 2. července 2013 nebo v období okolo tohoto data a uloženy u FMA podle § 7 (5) rakouského zákona o kapitálových trzích z roku 1991, v platném znění (*Kapitalmarktgesetz*) dne 3. července 2013 nebo v období okolo tohoto data.

Období, během něhož mohou Institucionální investoři upsat Nové akcie v rámci Institucionální předběžné nabídky („Období předběžné nabídky“), poběží od 1. července do 2. července 2013.

Upisovatelé Nových akcií v rámci Institucionální předběžné nabídky budou informováni o tom, že v rozsahu odpovídajícímu poměru Nových akcií nepřipadajících na Odmítnutá přednostní práva na upsání akcií („Akcí k přednostnímu úpisu“) a celkového počtu Nových akcií nabízených v rámci Institucionální předběžné nabídky, se bude na jejich koupi vztahovat možnost částečného neposkytnutí plnění a odklad vypořádání. J.P. Morgan a Morgan Stanley uzavřeli opční smlouvu s Erste Stiftung, kterou byla Společným globálním koordinátorům a Společným správcům knih (kromě Erste Group Bank) udělena opce na nákup Stávajících akcií držených Erste Stiftung až do celkové hodnoty přibližně 80 milionů EUR za Konečnou cenu úpisu a nabídky v případě, že upsání Akcií k přednostnímu úpisu překročí určitou hranici a dodatečné akcie v čase vypořádání Nových akcií budou podléhat částečnému neposkytnutí plnění a odloženému vypořádání. To znamená, že případné doručení a vypořádání koupě akcií, které podléhají možnosti částečného neposkytnutí plnění a odloženému vypořádání, proběhne pouze po uplynutí Období výkonu práv přednostního úpisu současně s doručением Nových akcií upisovaných v rámci Nabídky úpisu stávajícím akcionářům. Doručeny a vypořádány budou pouze ty Akcie k přednostnímu úpisu, které nebyly upsány v rámci Nabídky úpisu stávajícím akcionářům. V rozsahu, v jakém počet Nových akcií upsaných v rámci Institucionální předběžné nabídky a podléhajících možnosti částečného neposkytnutí plnění („Podmíněně upsané akcie“) přesahuje celkový počet Akcií k přednostnímu úpisu neupsaných v rámci Nabídky úpisu stávajícím akcionářům, bude ve vztahu k Podmíněně upsaným akciím daného investora uplatněno částečné neposkytnutí plnění a jeho úpisy budou částečně zrušeny *pro rata* dle poměru celkového počtu Akcií k přednostnímu úpisu upsaných v rámci Nabídky úpisu stávajícím akcionářům a celkového počtu Podmíněně upsaných akcií.

## Oddíl E—Nabídka

### Nabídka úpisu stávajícím akcionářům

Období, během něhož mohou Držitelé přednostních práv na upsání akcií upisovat Nové akcie v rámci Nabídky úpisu stávajícím akcionářům („Upisovací období“), bude zahájeno 3. července 2013 nebo okolo tohoto data, a skončí 17. července 2013 nebo okolo tohoto data.

Na základě stanoveného Poměru pro přednostní úpis, budou Držitelé přednostních práv na upsání akcií oprávněni upsat určitý počet Nových akcií, které připadají na určitý počet Stávajících akcií držených příslušným Akcionářem ke dni 2. července 2013, 24:00 hodin (půlnoc) CEST (nebo na ekvivalentní počet Přednostních práv na upsání akcií). V závislosti od Poměru pro přednostní úpis je možné, že Přednostní právo na upsání akcií bude uplatňováno pouze v určených násobcích. Akcionáři, kteří nedrží počet Stávajících akcií dělitelný beze zbytku určeným Poměrem pro přednostní úpis, nebudou moci své Přednostní právo na upsání akcií uplatnit v plném rozsahu.

Žádosti o úpis Nových akcií bude přijímat Erste Group Bank, která bude rovněž působit jako zprostředkovatel Nabídky úpisu stávajícím akcionářům, stejně jako Manažeři, všechny rakouské spořitelny a další úvěrové instituce v Rakousku, a to během obvyklé otevírací doby pro veřejnost. Držitelé Přednostního práva na upsání akcií uplatňovaného prostřednictvím depozitní banky, která je členem OeKB, nebo prostřednictvím finanční instituce, která je účastníkem v Eurclear Bank S.A. („Eurclear“), Clearstream Banking AG („Clearstream“) nebo v Centrálním depozitáři cenných papírů, a.s. („CDCP“), jsou povinni uplatňovat své Přednostní právo na upsání akcií tak, že pověří příslušnou banku či finanční instituci podáním příkazu o úpis Nových akcií jejich jménem. Držitelé přednostních práv na upsání akcií, kteří uplatňují Přednostní právo na upsání akcií prostřednictvím Depozitarul Central SA, mohou své Přednostní právo na upsání akcií uplatňovat tak, že pověří své finanční zprostředkovatele (banka/makléř vykonávající správu), kteří působí jako správci Stávajících akcií s nárokem na Přednostní právo na upsání akcií.

Přednostní právo na upsání akcií, které nebude uplatněno či postoupeno během Upisovacího období, propadne a stane se bezcenným. Za neuplatněné Přednostní právo na upsání akcií nenáleží žádná náhrada.

Od počátku Upisovacího období budou Stávající Akcie obchodovány bez Přednostního práva na upsání akcií („bez přednostního práva na upsání akcií“). Přednostní právo na upsání akcií je volně převoditelné v souladu s příslušnými zákony a právními předpisy OeKB v roli centrálního depozitáře cenných papírů. Erste Group Bank požádá o připuštění Přednostního práva na upsání akcií k obchodování na Burzách cenných papírů ve Vídni. Zahájení obchodování Přednostních práv na upsání akcií se očekává kolem 9. července 2013 a ukončení kolem 11. července 2013.

Přednostní práva na upsání akcií a Nové akcie nejsou a nebudou registrovány podle zákona o cenných papírech nebo u regulačního orgánu některého státu či v jiné jurisdikci Spojených států, přičemž nesmí být nabízeny či prodávány (i) ve Spojených státech, kromě transakcí nepodléhajících registraci podle zákona o cenných papírech, nebo (ii) mimo Spojené státy, kromě off-shore transakcí v souladu s Nařízením S zákona o cenných papírech.

## Oddíl E—Nabídka

**Zveřejnění výsledků  
Institucionální  
předběžné nabídky a  
Nabídky úpisu  
stávajícím  
akcionářům**

Dne 3. července 2013 nebo v období okolo tohoto data, Erste Group Bank zveřejní na své internetové stránce ([www.erstegroup.com](http://www.erstegroup.com)) a v Úředním věstníku deníku Wiener Zeitung (Amtsblatt zur Wiener Zeitung) oznámení o úpisu vztahujícím se k Nabídce úpisu stávajícím akcionářům, ve kterém vyzve Akcionáře k uplatnění jejich Přednostního práva na upsání akcií a které bude obsahovat Upisovací období, Konečnou cenu úpisu a nabídky, poměr pro přednostní úpis, postup uplatnění Přednostního práva na upsání akcií a další informace.

Výsledky Institucionální předběžné nabídky budou oznámeny a zveřejněny, kromě jiného, prostřednictvím ad-hoc oznámení, v elektronických médiích a na internetové stránce Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)) dne 2. července 2013 nebo v období okolo tohoto data.

**Zrušení, přerušení  
nebo prodloužení  
Kombinované  
nabídky**

Výsledky Nabídky úpisu stávajícím akcionářům budou oznámeny na internetové stránce Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)) dne 18. července 2013 nebo v období okolo tohoto data.

Kombinovaná nabídka nebo některá její část může být zrušena, přerušena nebo prodloužena a Upisovací období může být prodlouženo nebo zrušeno a Období pro předběžné objednávky může být zkráceno, a to kdykoli dle uvážení Erste Group Bank a Společných globálních koordinátorů a Společných upisovatelů (kromě Erste Group Bank), ale jenom před doručení Nových akcií upsaných v rámci Institucionální předběžné nabídky, jejichž doručení není vázáno na možnost neposkytnutí plnění a nepodléhají odloženému vypořádání. Veškeré změny Upisovacího období a Období pro předběžné objednávky, nebo zrušení, přerušení anebo prodloužení Kombinované nabídky nebo jejich částí budou zveřejněny v elektronických médiích, na internetové stránce Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)), v Úředním věstníku deníku *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* a v rozsahu stanoveném rakouským zákonem o kapitálových trzích z roku 1991, v platném znění (Kapitalmarktgesetz), představujícím dodatek tohoto Prospektu. Zveřejnění v České republice proběhne navíc na internetové stránce České spořitelny, a.s. ([www.csas.cz](http://www.csas.cz)) a v Rumunsku na internetové stránce Depozitarul Central SA ([www.depozitarulcentral.ro](http://www.depozitarulcentral.ro)) a BCR ([www.bcr.ro](http://www.bcr.ro)). Zájemci, kteří podali příkaz k úpisu, nebudou informováni jednotlivě.

Kombinovaná nabídka bude předmětem Upisovatelské smlouvy, která stanoví, že závazky Manažerů podléhají stanoveným odkládacím podmínkám, včetně absence jakékoliv podstatné nepříznivé změny ve finančních podmínkách nebo obchodních záležitostech Erste Group. Manažeři budou za určitých okolností oprávněni ukončit Upisovatelskou smlouvu, speciálně v případech majících povahu události vyšší moci.

#### Oddíl E—Nabídka

##### Doručení a vypořádání

Pokud bude Upisovatelská smlouva zrušena před zápisem zvýšení kapitálu obsaženém v Kombinované nabídce v rakouském obchodním rejstříku (Firmenbuch) u Obchodního soudu ve Vídni (Handelsgericht Wien), Kombinovaná nabídka se neuskuteční a Přednostní právo na upsání akcií zanikne anebo se stane bezcenným. Za těchto okolností nebudou zájemci oprávněni nabýt Nové akcie. Nároky s ohledem na již zaplacené provize za cenné papíry a náklady vzniklé zájemci v souvislosti s Kombinovanou nabídkou budou určeny výlučně na základě právního vztahu mezi Zájemcem a institucí, u které upsal Nové akcie. Každá platba za úpis Nových akcií bude navrácena příslušnému zájemci bez případných úroků. Pokud by byla Upisovatelská smlouva zrušena po zápisu zvýšení kapitálu obsaženém v Kombinované nabídce v rakouském obchodním rejstříku (Firmenbuch) u Obchodního soudu ve Vídni (Handelsgericht Wien) nebo v době kdy již registraci nemůže být zabráněno, Držitelé přednostních práv na upsání akcií, kteří platně vykonali své Přednostní právo na upsání akcií a kteří tak učiní během zbývajících částí Upisovacího období, mohou získat Nové akcie za Konečnou cenu nabídky a úpisu. Každé takové zrušení se bude týkat pouze Nových akcií neplatně upsaných Držiteli přednostních práv na upsání akcií. Doručení Nových akcií přidělených v souvislosti s Institucionální předběžnou nabídkou institucionálním investorům, které nejsou předmětem neposkytnutí plnění a které již byly v době zrušení Kombinované nabídky doručeny, tím nebude nijak dotčeno.

Nové akcie budou nahrazeny jednou či vícero hromadných listin (Sammelurkunden), které budou uloženy u OeKB, Am Hof 4, 1010 Vídeň, Rakousko. Tyto Nové akcie budou k dispozici jako spoluvlastnické podíly (*Miteigentumsanteile*) nebo jako spoluvlastnická práva (*Miteigentumsrechte*) ve formě příslušných hromadných listin. Očekává se, že Nové akcie nabyté v rámci Institucionální předběžné nabídky, u kterých není umožněno neposkytnutí plnění a odložené vypořádání, budou dostupné dne 5. července 2013 nebo okolo tohoto data, a Nové akcie nabyté v rámci Nabídky úpisu stávajícím akcionářům budou dostupné 23. července 2013 nebo okolo tohoto data. Nové akcie, na něž se vztahuje možnost neposkytnutí plnění a odloženého vypořádání, upsané v rámci Institucionální předběžné nabídky budou dostupné 23. července 2013 nebo okolo tohoto data, pokud možnost neposkytnutí plnění nebyla realizována resp. v rozsahu, v jakém nebyla realizována. Nové akcie budou v každém případě připsány prostřednictvím zařízení OeKB, EURclear, Clearstream a CDCP po úhradě Konečné ceny za úpis každé Nové akcie.



**Oddíl E—Nabídka**

	<p><b>Povolení obchodovat Nové akcie a zahájení obchodování</b></p>	<p>Předložení žádostí o povolení obchodovat Nové akcie (i) na Oficiálním trhu (<i>Amtlicher Handel</i>) Burzy cenných papírů ve Vídni, (ii) na Primárním trhu Burzy cenných papírů v Praze, a (iii) v kategorii mezinárodních akcií na Burze cenných papírů v Bukurešti se očekává dne 1. července 2013. Schválení žádostí se očekává dne 4. července 2013. Zahrnutí Nových akcií do kotace Stávajících akcií se očekává 5. července 2013, respektive k 8. červenci 2013 na Burze cenných papírů v Praze.</p>
<p><b>E.4</b></p>	<p><b>Zájmy, které jsou významné pro nabídku, včetně střetu zájmů</b></p>	<p>Manažeři uzavřeli ve věci Kombinované nabídky a Přijetí akcií s Erste Group Bank smluvní vztah, na základě kterého poskytují Erste Group Bank poradenské služby týkající se transakce a koordinují strukturu a provedení transakce. Při úspěšném dokončení transakce obdrží Manažeři provizi v maximální souhrnné výši přibližně 16,5 milionů EUR. Manažeři nebo s nimi propojené osoby mohou průběžně vstupovat do obchodních vztahů s Erste Group Bank nebo jí poskytovat služby týkající se obvyklé obchodní činnosti. Manažeři a s nimi propojené osoby mají v současné době rovněž obchodní vztah s Erste Group Bank nebo jejími dceřinými společnostmi.</p> <p>Někteří akcionáři Erste Group Bank, včetně Erste Stiftung, Sparkassen Beteiligungs GmbH &amp; Co. KG, CaixaBank, S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung a některé spořitelny, se vzdali 37,4% Přednostních práv na upsání akcií za stanovených podmínek a za podmínky zápisu zvýšení kapitálu v souladu s Kombinovanou nabídkou v rakouském obchodním rejstříku (<i>Firmenbuch</i>) u Obchodního soudu ve Vídni (<i>Handelsgericht Wien</i>).</p> <p>Za účelem umožnění uskutečnění Kombinované nabídky, Erste Stiftung uzavřelo smlouvu s J.P. Morgan a Morgan Stanley, na základě které Společným globálním koordinátorům a Společným správcům knih (vyjma Erste Group Bank) byla udělena opce na koupi Stávajících akcií ve vlastnictví Erste Stiftung až do celkové hodnoty přibližně 80 milionů EUR za Konečnou cenu úpisu a nabídky.</p>
<p><b>E.5</b></p>	<p><b>Název osoby / subjektu, nabízejícího cenný papír k prodeji</b></p>	<p>Nové akcie budou nabízeny prostřednictvím Erste Group Bank AG, se sídlem na adrese Graben 21, 1010 Vídeň, Rakousko, J.P. Morgan Securities plc., se sídlem na adrese 25 Bank Street, Canary Wharf, Londýn E14 5JP, Spojené království, a Morgan Stanley Bank AG, se sídlem na adrese Junghofstraße 13-15, 60311 Frankfurt nad Mohanem, Německo, COMMERZBANK Aktiengesellschaft, se sídlem na adrese 30 Gresham Street, London, EC2V 7PG, Spojené království a ING Bank N.V., Bijlmerplein 888, 1102 MG Amsterdam, Nizozemsko.</p> <p>Každá Stávající akcie doručená na základě dohody uzavřené mezi Erste Stiftung a J.P. Morgan a Morgan Stanley, kterou se Společným globálním koordinátorům a Společným správcům knih (kromě Erste Group Bank) uděluje opce na nákup Stávajících akcií držených Erste Stiftung až do celkové hodnoty přibližně 80 milionů EUR za Konečnou cenu úpisu a nabídky, bude nabídnuta Erste Stiftung. Erste Group Bank neobdrží žádné výnosy z prodeje těchto akcií, pokud Společní globální koordinátoři a Společní správci knih (kromě Erste Group Bank) uplatní svou opci.</p>

## Oddíl E—Nabídka

**Dohody znemožňující prodej akcií („Lock-up agreements“): zúčastněné strany; a specifikace období, během něhož není možno akcie prodat (tzv. „lock up“)**

Erste Group Bank ani žádné její majoritně vlastněné dceřiné společnosti, 180 dní po datu podpisu Upisovatelské smlouvy bez předchozího souhlasu J.P. Morgan a Morgan Stanley (i) nenabídnou, nezastaví, neohlásí záměr prodat, neprodají, neuzavřou kupní smlouvu, neprodají žádné opce ani neuzavřou kupní smlouvu na opce, neudělí žádnou opci, právo ani záruku koupě či jinak nepřevedou ani nebudou přímo či nepřímo nakládat s akciemi Erste Group Bank nebo s jinými cennými papíry převoditelnými na akcie nebo vykonatelnými či vyměnitelnými za akcie Erste Group Bank, nebo (ii) neuzavřou žádnou swapovou smlouvu či jinou dohodu převádějící veškeré či částečné ekonomické atributy vlastnictví akcií Erste Group Bank, bez ohledu na to, zda veškeré tyto transakce popsané v odst. (i) nebo (ii) výše mají být vypořádány doručením akcií Erste Group Bank nebo těchto ostatních cenných papírů, v hotovosti či jinak, kromě Nových akcií, které budou emitovány v rámci Kombinované nabídky.

Předchozí omezení se neuplatní na (i) poskytnutí opcí zaměstnancům a členům vedení a na emisi akcií v Erste Group Bank na základě výkonu opcí poskytnutých v rámci stávajícího opčního programu pro zaměstnance a pro členy vedení, pokud existují, dle popisu v tomto Prospektu, (ii) na nákup a prodej akcií v Erste Group Bank a na možnosti emise a obchodování s akciemi v Erste Group Bank na Burzách cenných papírů ve Vídni, v Praze a v Bukurešti obvyklým způsobem v rámci výkonu zprostředkovatelské činnosti a bankovních služeb, (iii) emisi akcií v Erste Group Bank výhradně za účelem nabytí nebo navýšení účasti v ostatních spořitelnách, a (iv) na emisi přednostních akcií prostřednictvím zahraniční dceřiné společnosti za účelem zvýšení kapitálu tier-1 nebo hybridního kapitálu dle ustanovení zákona o bankách.

Erste Group Bank rovněž souhlasí s tím, že během období počínaje datem vyhotovení tohoto Prospektu a následujících 180 dnů po datu uzavření Upisovatelské smlouvy veřejně neoznámí svůj záměr zvýšit kapitál oproti schválenému kapitálu, ani neemituje žádné akcie bez předchozího písemného souhlasu J.P. Morgan a Morgan Stanley.

Erste Stiftung do 90 dní po datu vydání tohoto Prospektu, bez předchozího souhlasu J.P. Morgan a Morgan Stanley nenabídne, nezastaví, neohlásí záměr prodat, neuzavře kupní smlouvu, neprodá žádné opce ani neuzavře kupní smlouvu na opce, neudělí žádnou opci, právo ani záruku koupě či jinak nepřevede ani nebude přímo či nepřímo nakládat s akciemi Erste Group Bank nebo s jinými cennými papíry převoditelnými na akcie nebo vykonatelnými či vyměnitelnými za akcie; Erste Stiftung je oprávněná (i) prodat Akcie na základě opční smlouvy uzavřené s J.P. Morgan a Morgan Stanley a (ii) koupit, prodat, vložit nebo převést akcie Erste Bank na Die Erste österreichische Spar-Casse Privatstiftung, Vienna Insurance Group AG Wiener Versicherung Gruppe a její propojené osoby, CaixaBank S.A. and její propojené, a Sparkassen Beteiligungs GmbH & CoKG.

**Oddíl E—Nabídka**

<p><b>E.6</b></p>	<p><b>Částka a procento okamžitého zředění vyplývajícího z nabídky</b></p>	<p>Pokud Akcionář neuplatí Přednostní právo na upsání akcií, podíl cenných papírů příslušného Akcionáře na celkovém akciovém kapitálu Erste Group Bank bude snížen o přibližně 7,5%, při splnění následujících předpokladů.</p> <p>Hodnota konsolidovaných čistých aktiv Erste Group Bank k 31. březnu 2013 činila 11 155,0 milionu EUR (kromě (i) Účastnického kapitálu a (ii) menšinových účastí), nebo 28,27 EUR na akcii, a to při počtu 394 568 647 akcií, z nichž každá reprezentuje nominální hodnotu 2,00 EUR za akcii v akciovém kapitálu Erste Group Bank. Hodnota čistých aktiv (kromě (i) Účastnického kapitálu a (ii) úroku mimo kontrolu) na akcii v Erste Group Bank je stanovena podílem rozdílu celkových aktiv a celkových závazků ku počtu akcií.</p> <p>Za předpokladu emise 32 179 425 Nových akcií v rámci Kombinované nabídky při Konečné ceně úpisu a nabídky ve výši 20,51 EUR za Novou akcii a závěrečné ceně za akcii Erste Group Bank na Burze cenných papírů ve Vídni k datu 28. června 2013, a očekávaných hrubých výnosech Kombinované nabídky přibližně 660 milionů EUR, by hodnota konsolidovaných čistých aktiv Erste Group Bank k 31. březnu 2013 činila 27,60 EUR za Akcii (Stávající akcie a Nové akcie) po odečtení daně z investic, provizí za úpis a odhadovaných nákladů Kombinované nabídky hrazených Erste Group Bank.</p> <p>Výše uvedené znamená okamžité snížení hodnoty konsolidovaných čistých aktiv ve výši 0,67 EUR neboli 2,4% na Akcii u stávajících Akcionářů, kteří neuplatnili své Přednostní právo na upsání akcií, a okamžité zvýšení čistých aktiv ve výši 7,09 EUR neboli 34,6% na akcii u nových investorů nabývajících Nové akcie v rámci Kombinované nabídky. Rozředění akcie na nové investory se stanoví odečtením konsolidovaných čistých aktiv na akcii po této Kombinované nabídce z hypotetické Konečné ceny úpisu a nabídky uhrazené novým investorem.</p> <p>Každý Zájemce by si měl být vědom toho, že výše uvedený výpočet je založen na hypotetické Konečné ceně úpisu a nabídky ve výši 20,51 EUR za Novou akcii. Faktické rozředění akcie se bude odvíjet od čistých výnosů a konečné hodnoty Nových akcií na základě skutečné Konečné ceny úpisu a nabídky.</p>
<p><b>E.7</b></p>	<p><b>Odhadované náklady, které emitent nebo předkladatel nabídky účtuje investorovi</b></p>	<p>Erste Group Bank ani nikdo z Manažerů si nebudou za úpis Nových akcií, respektive za nákup Nových akcií, účtovat žádné poplatky. Depozitní banky, správci či jiní finanční zprostředkovatelé, jejichž prostřednictvím mohou Zájemci uplatňovat své Přednostní právo na upsání akcií nebo podávat příkazy k úpisu, mohou účtovat obvyklou bankovní provizi za výkon Přednostního práva na upsání akcií nebo za provedení příkazů úpisu jménem Zájemců. Zájemcům se doporučuje, aby se o výši těchto nákladů informovali.</p>

## Annex 3—Romanian translation of the summary

The following translation of the original summary is a separate document attached to the Prospectus. It does not form part of the Prospectus itself and has not been approved by the FMA. Further, the FMA did not review its consistency with the original summary.

Traducerea de mai jos a rezumatului original constituie un document separat anexat Prospectului. Aceasta nu face parte din Prospect și nu a fost aprobată de Autoritatea Piețelor Financiare („FMA”). De asemenea, FMA nu a verificat concordanța acesteia cu rezumatul original.

### Rezumatul prospectului

Rezumatele constau din informații care fac obiectul unor cerințe de publicitate și care sunt cunoscute sub denumirea de „Elemente”. Aceste elemente sunt numerotate în secțiunile A—E (A.1—E.7).

Acest rezumat conține toate Elementele ce trebuie incluse într-un rezumat pentru categoria de valori mobiliare în cauză și pentru acest tip de emitent. Dat fiind că anumite Elemente nu trebuie abordate, pot exista omisiuni în ordinea de numerotare a Elementelor.

Chiar dacă introducerea în rezumat a unui Element este obligatorie, având în vedere categoria de valori mobiliare în cauză și tipul de emitent, este posibil să nu poată fi prezentate informații relevante cu privire la Elementul respectiv. În acest caz rezumatul va include o scurtă descriere a Elementului, cu mențiunea „nu se aplică”.

### Secțiunea A—Introducere și avertismente

<b>A.1</b>	<p>Acest rezumat trebuie citit ca o introducere la acest prospect („Prospectul”).</p> <p>Orice decizie de a investi în valorile mobiliare oferite trebuie să se bazeze pe o examinare exhaustivă a Prospectului de către investitor.</p> <p>În cazul în care se intenționează o acțiune în fața unei instanțe privind informația cuprinsă în Prospect, este posibil ca investitorul reclamant, în conformitate cu legislația internă a respectivelor state membre ale Spațiului Economic European, să suporte cheltuielile de traducere a Prospectului înaintea începerii procedurii judiciare.</p> <p>Răspunderea Erste Group Bank AG („Emitentul” sau „Erste Group Bank”, și împreună cu filialele sale consolidate existente la data prezentului Prospect, „Grupul Erste”) poate fi angajată în legătură cu conținutul rezumatului, inclusiv cu orice traducere a acestuia, dar doar dacă acesta este înșelător, inexact sau contradictoriu atunci când este citit împreună cu celelalte părți ale Prospectului, sau dacă nu furnizează, atunci când este citit împreună cu celelalte părți ale Prospectului, toate informațiile esențiale pentru a ajuta investitorii să decidă dacă investesc în astfel de valori mobiliare.</p>		
<b>A.2</b>	<table border="1"><tr><td data-bbox="279 1492 1117 2007"><ul style="list-style-type: none"><li>• Aprobarea emitentului sau a persoanei responsabile cu redactarea prospectului cu privire la utilizarea acestuia în vederea revânzării ulterioare sau plasamentului final al valorilor mobiliare de către intermediari financiari.</li><li>• Indicarea perioadei ofertei în cadrul căreia pot avea loc revânzarea ulterioară sau plasamentul final al valorilor mobiliare de către intermediari financiari și pentru care este acordată aprobarea privind utilizarea prospectului.</li><li>• Orice alte condiții clare și obiective aferente aprobării, care sunt relevante pentru utilizarea prospectului.</li><li>• Notificare redactată în caractere aldine prin care investitorii sunt înștiințați că intermediarii financiari vor furniza informații cu privire la termenii și condițiile ofertei intermediarilor financiari la data ofertei.</li></ul></td><td data-bbox="1117 1492 1423 2007">Nu se aplică (nu a fost acordată aprobarea Erste Group Bank cu privire la utilizarea Prospectului pentru revânzarea ulterioară sau plasamentul final de către intermediarii financiari a valorilor mobiliare oferite).</td></tr></table>	<ul style="list-style-type: none"><li>• Aprobarea emitentului sau a persoanei responsabile cu redactarea prospectului cu privire la utilizarea acestuia în vederea revânzării ulterioare sau plasamentului final al valorilor mobiliare de către intermediari financiari.</li><li>• Indicarea perioadei ofertei în cadrul căreia pot avea loc revânzarea ulterioară sau plasamentul final al valorilor mobiliare de către intermediari financiari și pentru care este acordată aprobarea privind utilizarea prospectului.</li><li>• Orice alte condiții clare și obiective aferente aprobării, care sunt relevante pentru utilizarea prospectului.</li><li>• Notificare redactată în caractere aldine prin care investitorii sunt înștiințați că intermediarii financiari vor furniza informații cu privire la termenii și condițiile ofertei intermediarilor financiari la data ofertei.</li></ul>	Nu se aplică (nu a fost acordată aprobarea Erste Group Bank cu privire la utilizarea Prospectului pentru revânzarea ulterioară sau plasamentul final de către intermediarii financiari a valorilor mobiliare oferite).
<ul style="list-style-type: none"><li>• Aprobarea emitentului sau a persoanei responsabile cu redactarea prospectului cu privire la utilizarea acestuia în vederea revânzării ulterioare sau plasamentului final al valorilor mobiliare de către intermediari financiari.</li><li>• Indicarea perioadei ofertei în cadrul căreia pot avea loc revânzarea ulterioară sau plasamentul final al valorilor mobiliare de către intermediari financiari și pentru care este acordată aprobarea privind utilizarea prospectului.</li><li>• Orice alte condiții clare și obiective aferente aprobării, care sunt relevante pentru utilizarea prospectului.</li><li>• Notificare redactată în caractere aldine prin care investitorii sunt înștiințați că intermediarii financiari vor furniza informații cu privire la termenii și condițiile ofertei intermediarilor financiari la data ofertei.</li></ul>	Nu se aplică (nu a fost acordată aprobarea Erste Group Bank cu privire la utilizarea Prospectului pentru revânzarea ulterioară sau plasamentul final de către intermediarii financiari a valorilor mobiliare oferite).		

Secțiunea B—Emitentul		
B.1	Denumirea legală și denumirea comercială	Denumirea legală a Erste Group Bank este „Erste Group Bank AG”, iar denumirea comercială este „Grupul Erste”. „Grupul Erste” se referă și la Erste Group Bank și la filialele consolidate ale acesteia.
B.2	Sediul social/Forma juridică/Legislația/Țara în care a fost constituit emitentul	Erste Group Bank este o societate pe acțiuni ( <i>Aktiengesellschaft</i> ) care este organizată și funcționează conform legislației austriece, înregistrată la registrul societăților comerciale ( <i>Firmenbuch</i> ) de pe lângă Tribunalul Comercial din Viena ( <i>Handelsgericht Wien</i> ) sub numărul de înregistrare FN 33209m. Erste Group Bank are sediul social înregistrat în Viena, Austria. Adresa sediului în care își desfășoară activitatea curentă este Graben 21, 1010 Viena, Austria.
B.3	Operațiuni curente, principalele activități și principalele piețe pe care concurează emitentul	Grupul Erste este un important grup bancar axat pe clienți persoane fizice (retail) și juridice (corporate) din Austria și Europa Centrală și de Est („ECE”). Grupul Erste oferă clienților săi o gamă largă de servicii care, în funcție de fiecare piață, include conturi de depozit și conturi curente, finanțări prin ipotecă și credite de consum, finanțări de investiții și de capital circulant, servicii bancare private ( <i>private banking</i> ), servicii bancare de investiții ( <i>investment banking</i> ), servicii de administrare a activelor, finanțarea de proiecte, finanțări comerciale internaționale, servicii de tranzacționare, leasing și factoring. Grupul Erste este unul dintre cele mai importante grupuri bancare din Austria, Republica Cehă, România și Slovacia, din punct de vedere al activelor și al numărului total de împrumuturi și depozite, și desfășoară operațiuni importante în Ungaria, Croația și Serbia. Acesta deservește aproximativ 16,6 milioane de clienți în Austria și pe piețele sale principale din ECE. Erste Group Bank este, de asemenea, principala bancă din Sectorul Băncilor de Economii din Austria. La 31 decembrie 2012, Grupul Erste a înregistrat un volum total al activelor în valoare de 213,8 miliarde €, un capital propriu total în valoare de 16,3 miliarde € și un rezultat din exploatare (venitul din exploatare (suma dintre venitul net din dobânzi, venitul net din tarife și comisioane și rezultatul net din tranzacționare) minus cheltuielile administrative generale) de 3.472,8 milioane € și un profit net anual atribuibil proprietarilor societății-mamă de 483,5 milioane € pentru exercițiul financiar încheiat la 31 decembrie 2012. La aceeași dată, Grupul Erste avea un capitalul participativ total de 1.756,6 milioane €. La 31 martie 2013, Grupul Erste a înregistrat un volum total al activelor în valoare de 213,0 miliarde €, un capital propriu total în valoare de 16,4 miliarde € și un rezultat din exploatare (venitul din exploatare (suma dintre venitul net din dobânzi, venitul net din tarife și comisioane și rezultatul net din tranzacționare) minus cheltuielile administrative generale) de 835,4 milioane € și un profit net aferent trimestrului atribuibil proprietarilor societății-mamă de 176,2 milioane € pentru trimestrul încheiat la 31 martie 2013. La aceeași dată, Grupul Erste avea un capital participativ total de 1.756,6 milioane €. Erste Group Bank funcționează ca societate mamă și rămâne singura societate din Grupul Erste listată la o bursă din SEE.

## Secțiunea B—Emitentul

		<p>„Grupul Erste” este alcătuit din Erste Group Bank, împreună cu filialele și participațiile acesteia, inclusiv Erste Bank Oesterreich din Austria, Česká spořitelna din Republica Cehă, Banca Comercială Română din România, Slovenská sporiteľňa din Slovacia, Erste Bank Hungary din Ungaria, Erste Bank Croatia din Croația, Erste Bank Serbia din Serbia și, în Austria, Salzburger Sparkasse, Tiroler Sparkasse, s-Bausparkasse, alte bănci de economii ale sistemului <i>Haftungsverbund</i>, Immorent, și alte entități. La data de 29 aprilie 2013, Grupul Erste a încheiat vânzarea entității Compania Publică „Erste Bank” („Erste Bank Ukraine”, fostă Bank Prestige, din ianuarie 2007) către acționarii Fidobank. La 31 martie 2013, Grupul Erste avea un număr de 48.801 angajați (exprimat în echivalent angajați cu normă întreagă) în întreaga lume (din care 1.532 de angajați (exprimat în echivalent angajați cu normă întreagă) ai Erste Group Bank).</p> <p>Grupul Erste consideră că activitatea sa se caracterizează prin următoarele avantaje competitive: (i) deține poziții de conducere pe piață în domeniul serviciilor bancare adresate persoanelor fizice (clienților retail) și juridice (clienților corporate); (ii) este un model de afaceri dovedit a fi viabil și durabil; (iii) este activ pe piețe geografice cu niveluri comparabil de scăzute ale PIB și ale gradului de penetrare a sectorului bancar; și (iv) este un brand recunoscut și de încredere.</p> <p>Grupul Erste intenționează să își consolideze poziția pe piețele sale principale prin următoarele strategii, concentrându-se totodată în continuare pe o gestiune strictă a costurilor: (i) orientarea accentuată pe Austria și pe zona de est a Uniunii Europene prin acordarea de împrumuturi clienților locali finanțate din depozite locale și consolidarea relațiilor din sectorul serviciilor bancare adresate persoanelor juridice; și (ii) concentrarea în continuare pe activitățile clienților din regiunea principală prin adaptarea activităților din sectorul piețelor de capital la necesitățile clienților, printr-o abordare echilibrată a creșterii activităților cu sectorul public și prin tranzacții interbancare îndeosebi cu băncile din piețele principale.</p> <p>Din cele șapte sectoare bancare, la 30 septembrie 2012, Sectorul Băncilor de Economii era cel de-al treilea ca mărime, cu un volum total al activelor de aproximativ 165,4 miliarde € (excluzând Bank Austria) (sursa: site-ul Web OeNB revizuit în februarie 2013). Sectorul Băncilor de Economii cuprindea la acea dată bănci de economii independente (excluzând Bank Austria), Erste Group Bank operând ca institutie financiară centrală a Sectorului Băncilor de Economii.</p>
<p><b>B.4a</b></p>	<p><b>Cele mai importante tendințe recente ale sectorului de activitate cu impact asupra emitentului și ramurii de activitate în care funcționează acesta</b></p>	<p>Grupul Erste este de părere că următoarele tendințe afectează sectorul serviciilor bancare destinate persoanelor fizice (clienților retail) și juridice (clienților corporate) din Austria și din Europa Centrală și de Est:</p> <ul style="list-style-type: none"> <li>• <i>Mediul macroeconomic.</i> Evoluția PIB-ului real, a veniturilor gospodăriilor, a cheltuielilor efectuate de persoanele fizice (clienții retail), a investițiilor societăților, a ratei șomajului și a gradului de îndatorare a guvernelor reprezintă factori cheie care afectează cererea de servicii bancare la nivel global și la nivelul piețelor geografice pe care activează</li> </ul>



<b>Secțiunea B—Emitentul</b>		
		<p>Grupul Erste. Deși Grupul Erste este de părere că acești indicatori vor avea o evoluție pozitivă în Austria și în Europa Centrală și de Est pe termen lung, în special comparativ cu Zona Euro și Uniunea Europeană, randamentele pozitive actuale sunt limitate de creșterea lentă prevalentă în Europa în 2012 și 2013. Ca urmare a acestei tendințe, cererea de servicii bancare este posibil să rămână scăzută în continuare pe termen scurt pe piețele geografice pe care Grupul Erste este activ.</p> <ul style="list-style-type: none"> <li>• <i>Modificările cadrului de reglementare și fiscalitatea.</i> Sectorul bancar european este supus unei reglementări crescute impuse de organisme de reglementare supranationale și naționale, inclusiv unor cerințe sporite de capital și de lichiditate, unor restricții privind nivelul de îndatorare (<i>leverage</i>) și al împrumuturilor. Există o tendință generală ca guvernele să impună taxe și impozite suplimentare băncilor, inclusiv taxe pe tranzacții financiare. Toate aceste măsuri determină costuri mai mari pentru activitățile economice și au un efect negativ asupra profitabilității.</li> <li>• <i>Schimbarea comportamentului clienților și schimbările tehnologice.</i> Tendință crescătoare de intensificare a utilizării mijloacelor electronice și mobile va impune băncilor să își adapteze infrastructura de interfață cu clienții, să investească în noi tehnologii, precum aplicații pentru telefoane inteligente și alte dispozitive mobile și să efectueze noi cursuri pentru formarea profesională a angajaților.</li> </ul>
<b>B.5</b>	<b>Descrierea grupului și a poziției emitentului în cadrul acestuia</b>	<p>Erste Group Bank este societatea mamă a Grupului Erste. La 31 martie 2013, Erste Group Bank deținea participații, în mod direct și indirect, în următoarele societăți:</p> <ul style="list-style-type: none"> <li>• Česká spořitelna, a.s. („Česká spořitelna“) (99,0%);</li> <li>• Banca Comercială Română S.A. („BCR“) (93,3%);</li> <li>• Slovenská sporiteľňa, a.s. („Slovenská sporiteľňa“) (100,0%);</li> <li>• Erste Bank Hungary Zrt. („Erste Bank Hungary“) (100,0%);</li> <li>• Erste &amp; Steiermärkische Bank d.d. („Erste Bank Croatia“) (69,3%);</li> <li>• ERSTE BANK AD NOVI SAD („Erste Bank Serbia“) (80,5%);</li> <li>• Public Company „Erste Bank“ („Erste Bank Ukraine“) (100,0%);</li> <li>• Erste Bank der oesterreichischen Sparkassen AG („Erste Bank Oesterreich“) (100%), inclusiv participații în cadrul Salzburger Sparkasse Bank AG (98,7%), Tiroler Sparkasse Bankaktiengesellschaft (75,0%), Bausparkasse der österreichischen Sparkassen AG (95,0%), Sparkasse Hainburg-Bruck-Neusiedl Aktiengesellschaft (75,0%) și Haftungsverbund GmbH (63,5%);</li> <li>• Brokerjet Bank AG (100,0%);</li> <li>• Erste Group Immorent AG (100,0%);</li> </ul>



## Secțiunea B—Emitentul

obligațiile prezente și viitoare ale Erste Group Bank în cazul în care Erste Group Bank intra în insolvența conform Secțiunii 92 (9) din Legea Bancară Austriacă (*Bankwesengesetz*) („Legea Bancară”), Erste Stiftung are dreptul să numească până la o treime din membrii Consiliului de Supraveghere care sunt aleși de către adunarea acționarilor Erste Group Bank („Reprezentantii Acționarilor”). Până în prezent, Erste Stiftung nu și-a exercitat dreptul de numire, astfel încât toți Reprezentanții Acționarilor au fost aleși de către adunarea acționarilor Erste Group Bank.

Erste Stiftung și CaixaBank, S.A. au încheiat un acord de parteneriat preferențial (*preferred partnership agreement*) („Acordul PPA”), în baza căruia Erste Stiftung a acordat CaixaBank, S.A. statutul de investitor agreeat și partener preferat de investiții. Conform Acordului PPA, CaixaBank, S.A. are dreptul să numească o persoană pentru a fi aleasă membru al Consiliului de Supraveghere de către adunarea acționarilor Erste Group Bank, a cărei propunere va avea susținerea Erste Stiftung în alegeri. CaixaBank, S.A. a fost de acord, în schimb, să nu participe la o ofertă de preluare ostilă vizând acțiunile Erste Group Bank și a acordat Erste Stiftung un drept de prim refuz (drept de preemțiune) și drepturi de opțiune cu privire la acțiunile deținute de CaixaBank, S.A. în cadrul Erste Group Bank. De asemenea, Erste Stiftung a fost de acord să nu acorde unor terți drepturi mai favorabile celor acordate CaixaBank, S.A., cu excepția unui număr limitat de situații. Acordul PPA a primit aprobarea Comisiei Austriece privind Preluările (*Übernahmekommission*).

Erste Stiftung și Wiener Städtische Wechselseitiger Versicherungsverein—Vermögensverwaltung—Vienna Insurance Group (“WSW”), un acționar al Erste Group Bank, au încheiat un acord al acționarilor (“Acordul Acționarilor”), prin care WSW se obligă să voteze în cadrul alegerilor privind membrii Consiliului de Supraveghere în conformitate cu propunerile Erste Stiftung. Acordul Acționarilor nu limitează exercitarea drepturilor de vot în cadrul Erste Group Bank de către WSW, în toate celelalte cazuri.

Conform Acordului Acționarilor, WSW, VIG sau oricare dintre filialele sale directe și indirecte nu pot iniția sau lua parte la ofertele publice de cumpărare ostilă cu privire la Erste Group Bank, sau coopera în orice alt mod cu ofertanții în cadrul unor astfel de preluări ostile.

**B.7** Informații financiare istorice esențiale selectate cu privire la emitent, prezentate pentru fiecare exercițiu financiar sau perioada vizată de informațiile financiare istorice (aferește trimestrului încheiat la 31 martie 2013, incluzând informații financiare comparative aferește trimestrului încheiat la 31 martie 2012 și exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010).

## Rezumatul informatiilor financiare și al altor informații

Datele financiare de mai jos referitoare la exercițiile financiare încheiate la 31 decembrie 2012 și 2011 au fost extrase din situațiile financiare consolidate auditate ale Grupului Erste aferente exercițiilor financiare încheiate la 31 decembrie 2012 și respectiv 2011, sau se bazează pe registre contabile, calcule interne sau informații ale Erste Group Bank. Anumite date financiare referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 au fost actualizate în cadrul situațiilor financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2011. În mod special, a fost actualizată contabilizarea swap-urilor pe riscul de credit (credit default swaps) clasificate ca garanții financiare din perioadele anterioare exercițiului financiar încheiat la data de 31 decembrie 2011, astfel încât acestea să fie clasificate și evaluate ca instrumente financiare la valoarea justă conform contului de profit și pierdere. În plus, calculele anterioare privind ratele efective ale dobânzii pentru împrumuturi și avansuri către clienți au fost actualizate ca urmare a armonizării și îmbunătățirii anumitor instrumente informatice din cadrul Grupului Erste. Informațiile financiare incluse în această secțiune referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 au fost preluate sau extrase din situațiile financiare consolidate auditate aferente exercițiului financiar încheiat la data de 31 decembrie 2011. Prin urmare, datele financiare referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 incluse în prezentul Prospect diferă în parte față de datele financiare incluse în situațiile financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2010. Datele financiare de mai jos referitoare la trimestrele încheiate la data de 31 martie 2013 și 31 martie 2012 sunt preluate sau derivate din situațiile financiare consolidate sintetice provizorii neauditate ale Grupului Erste aferente trimestrelor încheiate la data de 31 martie 2013, sau sunt bazate pe registre contabile, calcule interne sau informații ale Erste Group Bank.

Datele financiare din tabelele de mai jos care contin mențiunea „auditat” au fost preluate din situațiile financiare consolidate auditate ale Grupului Erste, aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011. Datele financiare din tabelele de mai jos care conțin mențiunea „neauditat” nu au fost preluate din situațiile financiare consolidate respective.

Cifrele de mai jos au făcut obiectul unor rotunjiri realizate conform standardelor comerciale curente. Prin urmare, este posibil ca însumarea cifrelor din tabel să nu corespundă exact valorilor totale din acesta.

## Date privind contul de profit și pierdere

Tabelul de mai jos prezintă date selectate privind contul de profit și pierdere aferent trimestrelor încheiate la 31 martie 2013 și 2012 și exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010:

### Date privind contul de profit și pierdere

în milioane €	Aferente trimestrului încheiat la 31 martie		Aferente exercițiului financiar încheiat la 31 decembrie		
	2013 neauditat	2012	2012 auditat, dacă nu se specifică altfel	2011	2010
Venit net din dobânzi . . . . .	1.240,6	1.336,9	5.235,3	5.569,0	5.439,2
Venit din exploatare(1) (neauditat) . . . . .	1.766,6	1.860,8	7.229,5	7.478,5	7.603,7
Cheltuieli administrative generale . . . . .	(931,2)	(945,1)	(3.756,7)	(3.850,9)	(3.816,8)
Rezultatul din exploatare(2) (neauditat) . . . . .	835,4	915,7	3.472,8	3.627,6	3.786,9
Profit/pierdere înainte de impozitare . . . . .	301,4	487,1	801,2	(322,2)	1.324,2
Profit net/pierdere netă pentru perioada vizată/ anual(ă) . . . . .	235,0	379,9	631,0	(562,6)	1.043,3
<b>Profit net pentru perioada vizată/anual(ă) atribuibil proprietarilor societății-mamă . . . . .</b>	<b>176,2</b>	<b>346,5</b>	<b>483,5</b>	<b>(718,9)</b>	<b>878,7</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditat ale Grupului Erste aferente trimestrului încheiat la data de 31 martie 2013, incluzând informații financiare comparative aferente trimestrului încheiat la 31 martie 2012.

- (1) Venitul din exploatare include venitul net din dobânzi, venitul net din tarife și comisioane și rezultatul net din tranzacționare și este neauditat pentru exercițiile financiare încheiate la 31 decembrie, 2012, 2011 și 2010. Următorul tabel prezintă calculul venitului din exploatare aferent trimestrelor încheiate la 31 martie 2013 și 2012, precum și exercițiilor financiare încheiate la 31 decembrie, 2012, 2011 și 2010:

în milioane €	Aferente trimestrului încheiat la 31 martie		Aferente exercițiului financiar încheiat la 31 decembrie		
	2013 neauditat	2012	2012 auditat, dacă nu se specifică altfel	2011	2010
Venitul net din dobânzi . . . . .	1.240,6	1.336,9	5.235,3	5.569,0	5.439,2
Venitul net din tarife și comisioane . . . . .	448,2	430,3	1.720,8	1.787,2	1.842,5
Rezultatul net din tranzacționare . . . . .	77,8	93,6	273,4	122,3	321,9
<b>Venitul din exploatare (neauditat) . . . . .</b>	<b>1.766,6</b>	<b>1.860,8</b>	<b>7.229,5</b>	<b>7.478,5</b>	<b>7.603,7</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditat ale Grupului Erste aferente trimestrului încheiat la data de 31 martie 2013, incluzând informații comparative aferente trimestrului încheiat la 31 martie 2012.

- (2) Rezultatul din exploatare este egal cu venitul din exploatare minus cheltuielile administrative generale și este neauditat pentru exercițiile financiare încheiate la 31 decembrie, 2012, 2011 și 2010. Următorul tabel prezintă calculul rezultatului din exploatare aferent trimestrelor încheiate la 31 martie 2013 și 2012, precum și exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010:

în milioane €	Aferente trimestrului încheiat la 31 martie		Aferente exercițiului financiar încheiat la 31 decembrie		
	2013 neauditat	2012	2012 auditat, dacă nu se specifică altfel	2011	2010
Rezultatul din exploatare (neauditat) . . . . .	1.766,6	1.860,8	7.229,5	7.478,5	7.603,7
Cheltuielile administrative generale . . . . .	(931,2)	(945,1)	(3.756,7)	(3.850,9)	(3.816,8)
<b>Rezultatul din exploatare (neauditat) . . . . .</b>	<b>835,4</b>	<b>915,7</b>	<b>3.472,8</b>	<b>3.627,6</b>	<b>3.786,9</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditat ale Grupului Erste aferente trimestrului încheiat la data de 31 martie 2013, incluzând informații comparative aferente trimestrului încheiat la 31 martie 2012.

## Date privind bilanțul

Tabelul de mai jos prezintă date selectate privind bilanțul la 31 martie 2013, respectiv 31 decembrie 2012, 2011 și 2010:

### Date privind bilanțul

în milioane €	La 31 martie	La 31 decembrie		
	2013 neauditat	2012 auditat, dacă nu se specifică altfel	2011	2010
Împrumuturi și avansuri către instituții de credit . . . . .	11.964,4	9.074,1	7.577,7	12.496,5
Împrumuturi și avansuri către clienți . . . . .	130.335,0	131.927,5	134.749,5	132.334,1
Provizioane de risc pentru împrumuturi și avansuri . . . . .	(7.695,4)	(7.643,7)	(7.027,3)	(6.119,1)
Active de tranzacționare și alte active financiare <sup>(1)</sup> (neauditate) . . . . .	47.386,9	47.286,2	44.007,8	39.955,5
Active diverse <sup>(2)</sup> (neauditate) . . . . .	30.998,7	33.180,0	30.698,7	27.103,0
<b>Total active</b> . . . . .	<b>212.989,6</b>	<b>213.824,0</b>	<b>210.006,3</b>	<b>205.770,0</b>
<b>Datorii și capitaluri proprii</b>				
Depozite ale băncilor . . . . .	20.678,3	21.822,1	23.785,3	20.153,9
Depozite ale clienților . . . . .	123.123,6	123.052,9	118.880,2	117.016,3
Titluri de creanță în circulație și pasive subordonate (neauditate) <sup>(3)</sup> . . . . .	35.177,2	34.750,7	36.564,2	37.136,5
Datorii diverse <sup>(4)</sup> (neauditate) . . . . .	17.580,8	17.859,8	15.596,7	14.905,2
Total capitaluri proprii . . . . .	16.429,7	16.338,5	15.180,0	16.558,0
atribuibile participațiilor fără drept de control . . . . .	3.518,0	3.483,2	3.142,9	3.443,6
atribuibile proprietarilor societății-mamă . . . . .	12.911,6	12.855,3	12.037,1	13.114,4
<b>Total pasive și capitaluri proprii</b> . . . . .	<b>212.989,6</b>	<b>213.824,0</b>	<b>210.006,3</b>	<b>205.770,0</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditare aferente trimestrului încheiat la data de 31 martie 2013.

(1) Pozitia „Active de tranzacționare și alte active financiare” reprezintă subtotalul elementelor-rânduri active de tranzacționare, active financiare la valoarea justă conform contului de profit și pierdere, active financiare—disponibile în vederea vânzării și active financiare—păstrate până la scadență și este neauditată pentru exercițiile financiare încheiate la 31 decembrie 2012, 2011 și 2010. Următorul tabel prezintă calculul activelor de tranzacționare și altor active financiare la 31 martie 2013 și 31 decembrie 2012, 2011 și 2010:

în milioane €	La 31 martie	La 31 decembrie		
	2013 neauditat	2012 auditat, dacă nu se specifică altfel	2011	2010
Active de tranzacționare . . . . .	6.511,6	5.178,0	5.875,8	5.535,5
Active financiare la valoarea justă conform contului de profit și pierdere . . . . .	656,8	715,8	1.813,1	2.434,2
Active financiare disponibile în vederea vânzării . . . . .	21.190,2	22.417,7	20.245,3	17.751,1
Active financiare păstrate până la scadență . . . . .	19.028,3	18.974,7	16.073,6	14.234,7
<b>Active de tranzacționare și alte active financiare (neauditat)</b> . . . . .	<b>47.386,9</b>	<b>47.286,2</b>	<b>44.007,8</b>	<b>39.955,5</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditare aferente trimestrului încheiat la data de 31 martie 2013.

(2) Pozitia „Active diverse” reprezintă subtotalul elementului-rând numerar și solduri la băncile centrale, instrumente financiare derivate, investiții contabilizate prin metoda punerii în echivalență, active necorporale, bunuri și dotări, investiții imobiliare, creanțe privind impozitul curent, creanțe privind impozitul amânat, active deținute în vederea vânzării și alte active și este neauditată pentru exercițiile financiare încheiate la 31 decembrie 2012, 2011 și 2010. Următorul tabel prezintă calculul „Activelor diverse” la 31 martie 2013, respectiv 31 decembrie 2012, 2011 și 2010:



	La 31 martie		La 31 decembrie	
	2013 neauditat	2012 auditat, dacă nu se specifică altfel	2011	2010
<b>în milioane €</b>				
Numerar și solduri la băncile centrale . . . . .	7.445,8	9.740,5	9.412,9	5.839,4
Instrumente financiare derivate . . . . .	11.429,4	13.289,4	10.930,8	8.507,9
Investiții contabilizate prin metoda punerii în echivalență . . . . .	211,1	174,1	173,1	223,5
Active necorporale . . . . .	2.858,2	2.893,9	3.532,0	4.674,6
Bunuri și dotări . . . . .	2.156,3	2.227,9	2.360,8	2.445,6
Investiții imobiliare . . . . .	1.011,1	1.022,9	1.139,3 <sup>(a)</sup>	1.163,1 <sup>(b)</sup>
Creanțe privind impozitul curent . . . . .	133,1	127,6	115,7	116,5
Creanțe privind impozitul amânat . . . . .	679,5	657,5	701,9	616,8
Active deținute în vederea vânzării . . . . .	618,0	708,1	87,2	52,5
Alte active . . . . .	4.456,2	2.338,1	2.245,1 <sup>(a)</sup>	3.463,2 <sup>(b)</sup>
<b>Active diverse (neauditat) . . . . .</b>	<b>30.998,7</b>	<b>33.180,0</b>	<b>30.698,7</b>	<b>27.103,0</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditare aferente trimestrului încheiat la data de 31 martie 2013.

- (a) În urma reclassificărilor în situațiile financiare consolidate aferente exercițiului financiar încheiat la 31 decembrie 2012 preluate din cifrele comparative de la 31 decembrie 2011 cuprinse în bilanțul situațiilor financiare consolidate aferente exercițiului financiar încheiat la 31 decembrie 2012.
- (b) În urma reclassificărilor în situațiile financiare consolidate aferente exercițiului financiar încheiat la 31 decembrie 2012 preluate din cifrele comparative de la 1 ianuarie 2011 cuprinse în bilanțul situațiilor financiare consolidate aferente exercițiului financiar încheiat la 31 decembrie 2012.
- (3) Suma "Titluri de creanță în circulație și pasive subordonate" este neauditată pentru anii financiari încheiați la 31 decembrie 2012, 2011 și 2010.
- (4) Poziția „Datorii diverse” reprezintă subtotalul elementelor—rânduri ajustări valorice din/acoperiri ale valorii juste a portofoliului, instrumente financiare derivate, datorii de tranzacționare, provizioane, datorii privind impozitul curent, datorii privind impozitul amânat, alte datorii și datorii asociate activelor deținute în vederea vânzării și este neauditată pentru exercițiile financiare încheiate la 31 decembrie, 2012, 2011 și 2010. Următorul tabel prezintă calculul „Datoriilor diverse” la 31 martie 2013, respectiv 31 decembrie 2012, 2011 și 2010:

	La 31 martie		La 31 decembrie	
	2013 neauditat	2012 auditat, dacă nu se specifică altfel	2011	2010
<b>în milioane €</b>				
Ajustări valorice din acoperiri ale valorii juste a portofoliului . . . . .	1.428,6	1.220,0	914,7 <sup>(a)</sup>	502,0 <sup>(b)</sup>
Instrumente financiare derivate . . . . .	9.314,1	10.878,4	9.336,6	8.398,8
Datorii de tranzacționare . . . . .	368,4	481,0	535,6	215,7
Provizioane . . . . .	1.494,1	1.487,7	1.580,1	1.544,5
Datorii privind impozitul curent . . . . .	72,9	53,0	33,7	68,4
Datorii privind impozitul amânat . . . . .	292,4	323,5	344,8	328,1
Alte datorii . . . . .	4.267,6	3.077,3	2.851,3 <sup>(a)</sup>	3.847,7 <sup>(b)</sup>
Datorii asociate activelor deținute în vederea vânzării . . . . .	342,7	338,9	0,0 <sup>(a)</sup>	0,0 <sup>(b)</sup>
<b>Datorii diverse (neauditat) . . . . .</b>	<b>17.580,8</b>	<b>17.859,8</b>	<b>15.596,7</b>	<b>14.905,2</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditare aferente trimestrului încheiat la data de 31 martie 2013.

- (a) În urma reclassificărilor în situațiile financiare consolidate aferente exercițiului financiar încheiat la 31 decembrie 2012 preluate din cifrele comparative de la 31 decembrie 2011 cuprinse în bilanțul situațiilor financiare consolidate aferente exercițiului financiar încheiat la 31 decembrie 2012.
- (b) În urma reclassificărilor în situațiile financiare consolidate aferente exercițiului financiar încheiat la 31 decembrie 2012 preluate din cifrele comparative de la 1 ianuarie 2011 cuprinse în situațiile financiare consolidate aferente exercițiului financiar încheiat la 31 decembrie 2012.

## Informații operaționale selectate

Tabelul de mai jos prezintă anumite date privind informațiile operaționale selectate aferente trimestrelor încheiate la 31 martie 2013 și 2012 și exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010. În timp ce informațiile cu privire la ratele reglementare privind capitalul de rang I, capitalul de baza de rang I, capital de baza de rang I—risc total, Indice capital de nivel 1—risc total și rata solvabilității Erste Group în conformitate cu Legea Bancară de la data de 31 decembrie 2012, 2011 și 2010 au fost calculate pe baza GAAP austriac, informațiile de la data de 31 martie 2013 au fost calculate pe baza IFRS. Obiectul consolidării în scopuri contabile în conformitate cu IFRS și al celei în scopuri de reglementare

diferă, în special privind tratamentul entităților *de minimis*, societățile nefinanciare și companiile de asigurare cu privire la care nu are loc pe deplin consolidarea pentru scopuri de reglementare. Prin urmare, componentele capitalului de reglementare se abat de la cele ale capitalului calculat pe bază consolidată, care este pregătit pentru toate perioadele prezentate pe baza IFRS. În primul trimestru al anului 2013, Erste Group a calculat capitalul reglementar consolidat și cerințele de capital reglementar consolidat pentru prima dată în conformitate cu IFRS. Prin urmare, sumele de la 31 martie 2013 și 31 decembrie 2012, 2011 și 2010 nu sunt pe deplin comparabile.

### Indicatori principali

	Pentru trimestrul încheiat la 31 martie		Pentru exercitiul financiar încheiat la 31 decembrie		
	2013 neauditat	2012	2012 auditat, dacă nu se specifică altfel	2011	2010
Rentabilitatea capitalurilor proprii (return on equity—ROE) <sup>(1)</sup> (în %) . . . . .	5,4	11,2	3,8	—	6,7
Rata de plată a dividendelor <sup>(2)</sup> (în %) (neauditat) . .	—	—	32,6	—	30,1
Raportul cheltuieli/venituri <sup>(3)</sup> (în %) . . . . .	52,7	50,8	52,0	51,5	50,2
Costurile aferente riscurilor <sup>(4)</sup> (în %) (neauditat) . .	1,23	1,72	1,48	1,68	1,55
Capital de nivel 1 (tier-1 capital) (în milioane €) <sup>(5)</sup> .	12.184	12.200	12.223	11.909	12.219
Capital de nivel 1 de bază (core tier 1 capital) (în milioane €) <sup>(6)</sup> . . . . .	11.809	11.425	11.848	10.681	11.019
Indice capital de nivel 1 de bază (core tier 1 ratio) risc total <sup>(7)</sup> (în %) . . . . .	11,2	10,2	11,2	9,4	9,2
Indice capital de nivel 1—risc total <sup>(8)</sup> (în %) . . . . .	11,6	10,9	11,6	10,4	10,2
Rata de solvabilitate <sup>(9)</sup> (în %) . . . . .	15,9	14,4	15,5	14,4	13,5

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010 și situațiile financiare consolidate sintetice provizorii neauditare ale Grupului Erste aferente trimestrului încheiat la data de 31 martie 2013, incluzând informații comparative aferente trimestrului încheiat la 31 martie 2012, cu excepția faptului că valorile indicate la „Rata de plată a dividendelor” și „Costurile aferente riscurilor” și valorile aferente trimestrului încheiat la data de 31 martie 2012 indicate la „Capital de nivel 1”, „Capital de nivel 1 de bază—risc total”, „Indice capital de nivel 1 de bază”, „Indice capital de nivel 1—risc total” și „Rata de solvabilitate” sunt bazate pe calculele interne sau informațiile interne ale Erste Group Bank.

(1) Rentabilitatea capitalurilor proprii (return on equity—ROE) este cota anualizată a profitului net /pierderii nete (calculat ca profitul net/pierdere netă aferentă trimestrului multiplicat/ă cu patru) sau cota profitului net anual/pierderii nete anuale atribuibil(ă) proprietarilor societății-mamă exprimată ca procent din capitalurile proprii medii atribuibile proprietarilor societății-mamă (denumit „Capital propriu mediu atribuit” în segmentul de raportare a situațiilor financiare respective din tabelul de mai jos). Valoarea capitalurilor proprii medii atribuibile proprietarilor societății-mamă se calculează pe baza capitalurilor proprii atribuibile proprietarilor societății-mamă datorate la încheierea fiecăreia dintre cele trei luni ale trimestrului sau la încheierea fiecăreia dintre cele douăsprezece luni ale anului, după caz. Următorul tabel prezintă calculul „rentabilității capitalurilor proprii” pentru trimestrul încheiat la 31 martie 2013 și 2012, respectiv pentru exercițiile financiare încheiate la 31 decembrie 2012, 2011 și 2010:

	Pentru trimestrul încheiat la 31 martie		Pentru exercitiul financiar încheiat la 31 decembrie		
	2013 neauditat	2012	2012 auditat, dacă nu se specifică altfel	2011	2010
<b>în milioane €</b>					
Profitul net /pierdere netă pentru perioada vizată/annual(ă) atribuibil(ă) proprietarilor societății-mamă . . . . .	176,2	346,5	483,5	(718,9)	878,7
Profitul net / pierdere neta anualizat/ă atribuibile proprietarilor societății-mamă . . . . .	704,8	1.386,0	—	—	—
Capital propriu mediu atribuit . . . . .	12.980,1	12.398,4	12.748,2	13.038,2	13.077,3
<b>Rentabilitatea capitalurilor (ROE) (în %) . . . . .</b>	<b>5,4</b>	<b>11,2</b>	<b>3,8</b>	<b>—</b>	<b>6,7</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditare aferente trimestrului încheiat la data de 31 martie 2013, incluzând informații comparative aferente trimestrului încheiat la 31 martie 2012, cu excepția faptului că valorile indicate la „Profitul net / pierdere netă anualizat/ă atribuibile proprietarilor societății-mamă” sunt bazate pe calculele interne sau informațiile interne ale Erste Group Bank.

- (2) Rata de plată a dividendelor reprezintă valoarea dividendelor plătite proprietarilor societății-mamă (exclusiv dividendele aferente capitalului participativ) pentru anul respectiv împărțită la profitul net aferent anului respectiv atribuibil proprietarilor societății-mamă și este neauditată pentru exercițiile financiare încheiate la 31 decembrie, 2012, 2011 și 2010. Următorul tabel prezintă calculul „ratei de plată a dividendelor” aferente exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010:

în milioane €	Pentru exercițiul financiar încheiat la 31 decembrie		
	2012	2011	2010
Profitul net / pierderea netă anual(ă) atribuibil(ă) proprietarilor societății-mamă . . . . .	483,5	(718,9)	878,7
Dividende plătite proprietarilor societății-mamă (exclusiv dividendele aferente capitalului de participare) . . . . .	157,8 <sup>(a)</sup>	—	264,7
<b>Rata de plată a dividendelor (în %) (neauditat)</b> . . . . .	<b>32,6</b>	<b>—</b>	<b>30,1</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010 și calculele informațiile interne ale Erste Group Bank.

(a) Neauditat.

- (3) Raportul cheltuieli/venituri reprezintă cota cheltuielilor din exploatare (cheltuielile administrative generale) exprimată ca procent din venitul din exploatare (suma dintre venitul net din dobânzi, venitul net din tarife și comisioane și rezultatul net din tranzacționare). Următorul tabel prezintă calculul „Raportului cheltuieli/venituri” aferent trimestrelor încheiate la 31 martie 2013 și 2012, respectiv exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010:

în milioane €	Pentru trimestrul încheiat la 31 martie		Pentru exercițiul financiar încheiat la 31 decembrie		
	2013	2012	2012	2011	2010
Cheltuieli din exploatare (cheltuielile administrative generale) . . . . .	(931,2)	(945,1)	(3.756,7)	(3.850,9)	(3.816,8)
Venitul net din dobânzi, . . . . .	1.240,6	1.336,9	5.235,3	5.569,0	5.439,2
Venitul net din tarife și comisioane . . . . .	448,2	430,3	1.720,8	1.787,2	1.842,5
Rezultatul net din tranzacționare . . . . .	77,8	93,6	273,4	122,3	321,9
<b>Venitul din exploatare (neauditat)</b> . . . . .	<b>1.766,6</b>	<b>1.860,8</b>	<b>7.229,5</b>	<b>7.478,5</b>	<b>7.603,7</b>
<b>Raportul cheltuieli/venituri (în %) . . . . .</b>	<b>52,7</b>	<b>50,8</b>	<b>52,0</b>	<b>51,5</b>	<b>50,2</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditat aferente trimestrului încheiat la data de 31 martie 2013, incluzând informații comparative aferente trimestrului încheiat la 31 martie 2012.

- (4) Costurile aferente riscurilor reprezintă provizioanele de risc anualizate pentru împrumuturi și avansuri (calculate ca provizioane de risc pentru împrumuturi și avansuri aferente trimestrului încheiat la 31 decembrie, 2012, 2011 și 2010) sau provizioanele de risc anualizate pentru împrumuturi și avansuri în legătură cu media (trimestrială a) creditelor către clienți și sunt neauditat pentru exercițiile financiare încheiate la 31 decembrie, 2012, 2011 și 2010. Următorul tabel prezintă calculul „Costurilor aferente riscurilor” aferente trimestrelor încheiate la 31 martie 2013 și 2012, respectiv exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010:

în milioane €	Pentru trimestrul încheiat la 31 martie		Pentru exercițiul financiar încheiat la 31 decembrie		
	2013	2012	2012	2011	2010
Provizioane pentru împrumuturi și avansuri . . . . .	(402,2)	(580,6)	(1.980,0)	(2.266,9)	(2.021,0)
Provizioane anualizate pentru împrumuturi și avansuri . . . . .	(1.608,8)	(2.322,4)	—	—	—
Media creditelor către clienți (neauditat) . . . . .	130.947,6	134.694,4	133.707,4	134.731,0	130.747,5
<b>Costurile aferente riscurilor (în %) (neauditat)</b> . . . . .	<b>1,23</b>	<b>1,72</b>	<b>1,48</b>	<b>1,68</b>	<b>1,55</b>

Sursa: Situațiile financiare consolidate auditate ale Erste Group Bank aferente exercițiilor financiare încheiate la 31 decembrie 2012 și 2011, inclusiv informațiile financiare comparative aferente exercițiului financiar încheiat la 31 decembrie 2010, și situațiile financiare consolidate sintetice provizorii neauditat aferente trimestrului încheiat la data de 31 martie 2013, incluzând informații comparative aferente trimestrului încheiat la 31 martie 2012, cu excepția faptului că valorile indicate la „Provizioane anualizate pentru împrumuturi și avansuri”, „Media creditelor și avansurilor către clienți” și „Costuri aferente riscurilor” sunt bazate pe calculele interne sau informațiile interne ale Erste Group Bank.

- (5) Capitalul de nivel 1 include capitalul hibrid de nivel 1 conform Secțiunii 23 (4a) și (4b) din Legea Bancară.
- (6) Capitalul de nivel 1 de bază este capitalul de nivel 1, exclusiv capitalul hibrid de nivel 1 conform Secțiunii 23 (4a) și (4b) din Legea Bancară.
- (7) Indicele capital de nivel 1 de bază—risc total este raportul dintre capitalul de nivel 1 de bază (exclusiv capitalul hibrid de nivel 1 conform Secțiunii 23 (4a) și (4b) din Legea Bancară) și baza de calcul pentru cerințele de capital conform Secțiunii 22 (1) din Legea Bancară.
- (8) Indicele capital de nivel 1 de bază—risc total este raportul dintre capitalul de nivel 1 (inclusiv capitalul hibrid de nivel 1 conform Secțiunii 23 (4a) și (4b) din Legea Bancară) și baza de calcul pentru cerințele de capital conform Secțiunii 22 (1) din Legea Bancară.
- (9) Rata de solvabilitate este raportul dintre capitalul calificat eligibil total și baza de calcul pentru cerințele de capital conform Secțiunii 22 (1) din Legea Bancară.

## Secțiunea B—Emitentul

**Descrierea modificării semnificative a situației financiare a emitentului și a rezultatelor din exploatare ale acestuia în timpul sau după perioada vizată de informațiile financiare istorice esențiale.**

Anumite date financiare incluse în acest Prospect referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 au fost actualizate în cadrul situațiilor financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2011. În mod special, a fost actualizată contabilizarea swap-urilor pe riscul de credit (credit default swaps) clasificate ca garanții financiare în perioadele anterioare exercițiului financiar încheiat la data de 31 decembrie 2011, astfel încât acestea să fie clasificate și evaluate ca instrumente financiare la valoarea justă conform contului de profit și pierdere. În plus, calculele anterioare privind ratele efective ale dobânzii pentru împrumuturi și avansuri către clienți au fost actualizate ca urmare a armonizării și îmbunătățirii anumitor instrumente informatice din cadrul Grupului Erste. Astfel, dacă nu se specifică altfel, informațiile financiare incluse în acest Prospect referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 au fost preluate sau extrase din situațiile financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2011. Prin urmare, datele financiare din acest Prospect referitoare la exercițiul financiar încheiat la data de 31 decembrie 2010 diferă parțial față de datele financiare incluse în situațiile financiare consolidate auditate ale Grupului Erste aferente exercițiului financiar încheiat la data de 31 decembrie 2010.

Următoarele modificări cu privire la situația financiară și rezultatele activității Grupului Erste, stabilite pe baza venitului net din dobânzi, a provizioanelor de risc pentru împrumuturi și avansuri, a venitului net din tarife și comisioane, a cheltuielilor administrative generale, a rezultatului din exploatare și a profitului net anual/pierderii nete anuale/pentru perioada vizată atribuibile proprietarilor societății-mamă aferente trimestrelor încheiate la 31 martie 2013 și 2012, respectiv exercițiilor financiare încheiate la 31 decembrie 2012, 2011 și 2010.

### *Trimestrele încheiate la 31 martie 2013 și 2012*

În primul trimestru al anului 2013, venitul net din dobânzi a scăzut cu 96,3 milioane € sau 7,2%, de la 1.336,9 milioane € la 1.240,6 milioane €. Veniturile totale din dobânzi și veniturile similare au scăzut cu 322,4 milioane €, sau 13,9%, de la 2.319,4 milioane € în primul trimestru din 2012 la 1.997,0 milioane € în primul trimestru al anului 2013. Scăderea valorii veniturilor totale din dobânzi și altor venituri similare a fost determinată în principal de reducerea veniturilor din dobânzile aferente tranzacțiilor de creditare și tranzacțiilor de pe piața monetară cu clienții, care au scăzut cu 253,5 milioane € sau 16,2%, de la 1.567,1 milioane € în primul trimestru din 2012 la 1.313,6 milioane € în primul trimestru al anului 2013. Veniturile din dobânzi din obligațiuni și alte valori mobiliare purtătoare de dobânzi s-au diminuat semnificativ cu 94,9 milioane €, sau 27,0% de la 351,0 milioane € în primul trimestru din 2012 la 256,1 milioane € în primul trimestru al anului 2013. Această evoluție negativă a fost determinată de contextul ratelor de dobândă scăzute, cererea de creditare în continuare scăzută, și efectele ulterioare derivând din reducerea activelor auxiliare. În primul trimestru al anului 2013, valoarea cheltuielilor totale cu dobânzile și a altor

## Sectiunea B—Emitentul

cheltuieli similare a scăzut cu 226,5 milioane €, sau 22,9%, de la 988,5 milioane € în primul trimestru din 2012 la 762,0 milioane € în primul trimestru al anului 2013. Principalii factori pentru această evoluție au fost scăderea cheltuielilor cu dobânzile la depozite de către bănci, care a scăzut cu 95,6 milioane €, sau 45,2%, de la 211,3 milioane € în primul trimestru din 2012 la 115,7 milioane € în primul trimestru al anului 2013, și scăderea cheltuielilor cu dobânzile la depozitele clienților, care au scăzut cu 100,8 milioane €, sau 21,6%, de la 466,1 milioane € în primul trimestru din 2012 la 365,3 milioane € în primul trimestru al anului 2013. Această evoluție reflectă rate ale dobânzii mai mici și volumul mediu de astfel de obligații (în ciuda unei ușoare majorări a depozitelor clienților la 31 martie 2013 față de 31 decembrie 2012). Marja netă a dobânzii (venitul net din dobânzi ca procent din activele medii purtătoare de dobândă) s-a contractat de la 2,87% în primul trimestru al anului 2012 la 2,74% în primul trimestru al anului 2013. Provizioanele de risc pentru împrumuturi și avansuri au arătat o tendință pozitivă și au scăzut cu 178,4 milioane €, sau 30,7%, de la 580,6 milioane € în primul trimestru din 2012 la 402,2 milioane € în primul trimestru al anului 2013. Nivelele de provizionare au scăzut sau au fost stabile pe toate piețele principale cu excepția Croației și Serbiei. În primul trimestru al anului 2013, venitul net din tarife și comisioane a crescut cu 17,9 milioane €, sau 4,2%, de la 430,3 milioane € în primul trimestru din 2012 la 448,2 milioane € în primul trimestru al anului 2013. Această evoluție a fost în principal atribuită îmbunătățirii tranzacțiilor cu valori mobiliare, care au crescut cu 20,1 milioane €, sau 22,2%, de la 90,7 milioane € în primul trimestru din 2012 la 110,8 milioane € în primul trimestru al anului 2013. În primul trimestru al anului 2013, venitul net din tranzacționare a scăzut cu 15,8 milioane €, sau 16,9%, de la 93,6 milioane € în primul trimestru din 2012 la 77,8 milioane € în primul trimestru al anului 2013. O îmbunătățire semnificativă a operațiunilor de schimb valutar, care a înregistrat un rezultat peste medie, în primul trimestru din 2012, nu a compensat declinul veniturilor din operațiunile cu valori mobiliare și instrumente financiare derivate. Cheltuielile administrative generale au scăzut cu 13,9 milioane €, sau 1,5%, de la 945,1 milioane € în primul trimestru din 2012 la 931,2 milioane € în 2012. Cheltuielile de personal au scăzut cu 5,9 milioane €, sau 1,0%, de la 570,5 milioane € în primul trimestru al anului 2012 la 564,6 milioane € în primul trimestru al 2013, ca urmare a reducerii numărului de angajați. Alte rezultate din exploatare au înregistrat o scădere de la 131,2 milioane € în primul trimestru din 2012 la valoarea negativă de 103,3 milioane € în primul trimestru al anului 2013. În primul trimestru din 2012, rezultatul pozitiv s-a datorat în principal rezultatului singular din răscumpărarea datoriilor evaluate la costul amortizat în cuantum de 250,6 milioane € ca urmare a răscumpărării instrumentelor financiare de nivel 1 și 2. Alte taxe au crescut cu 22,0%, de la 62,2 milioane € în primul trimestru din 2012 la 75,9 milioane € în primul trimestru al anului 2013, 71,6 milioane € dintre acestea fiind imputabile taxelor bancare din Austria, Slovacia și Ungaria. Rezultatul total din toate categoriile de instrumente financiare și bunuri (rezultatul din instrumentele financiare la

## Sectiunea B—Emitentul

valoare justă conform contului de profit sau pierdere, rezultatul din active financiare disponibile pentru vânzare și rezultatul din active financiare deținute până la scadență) a scăzut de la 20,8 milioane € în primul trimestru din 2012 la valoarea negativă de 28,5 milioane € în primul trimestru al anului 2013. Rezultatele pozitive datorate portofoliilor disponibile pentru vânzare și portofoliilor deținute până la scadență nu au compensat câștigurile mai reduse din vânzări și efectele de evaluare a portofoliului la valoarea justă.

Profitul net / pierderea netă pentru perioada vizată atribuibil(ă) proprietarilor societății-mamă a scăzut de la 346,5 milioane € în primul trimestru din 2012, când s-a beneficiat în special de efecte pozitive singulare, cu 49,1% până la 176,2 milioane € în primul trimestru al anului 2013.

În primul trimestru al anului 2013, activele totale au scăzut de la 213.824,0 milioane € la 31 decembrie 2012 cu 834,4 milioane € sau 0,4% până la 212.989,6 milioane € la 31 martie 2013. Scăderea activelor totale se datorează în primul rând reducerii împrumuturilor și avansurilor către clienți, în special în Ungaria și România, precum și deprecierea anumitor valute locale din ECE față de euro, în primul rând Coroana cehă și forintul ungar. În timp ce numerarul și soldurile la bancile centrale au scăzut de la 9.740,5 milioane € la 31 decembrie 2012 până la 7.445,8 milioane € la 31 martie 2013, împrumuturile și avansurile către instituțiile de credit au crescut de la 9.074,1 milioane € la 31 decembrie 2012 până la 11.964,4 milioane € la 31 martie 2013. Rambursarea fondurilor aferente "operațiunii de refinanțare pe termen lung" (LTRO) a fost, în mare măsură, compensată de activitatea interbancară superioară.

### *Exercițiile financiare încheiate la 31 decembrie 2012 și 2011*

În 2012, venitul net din dobânzi a scăzut cu 333,7 milioane € sau 6,0%, de la 5.569,0 milioane € în 2011 la 5.235,3 milioane €. În 2012, venitul total din dobânzi și veniturile similare a scăzut cu 555,5 milioane € sau 5,9%, de la 9.350,6 milioane € în 2011 la 8.795,1 milioane € în 2012. Scăderea valorii veniturilor totale din dobânzi și altor venituri similare a fost determinată în principal de reducerea veniturilor din dobânzile aferente tranzacțiilor de creditare și tranzacțiilor de pe piața monetară cu clienții, care au scăzut cu 468,7 milioane € sau 7,3%, de la 6.426,5 milioane € în 2011 la 5.957,8 milioane € în 2012. Această evoluție s-a datorat contextului ratelor de dobândă mici și cererii reduse de credite, în special la creditele de consum. În 2012, valoarea cheltuielilor totale cu dobânzile și a altor cheltuieli similare a scăzut cu 213,4 milioane € sau 5,6%, de la 3.789,6 milioane € în 2011 la 3.576,2 milioane € în 2012. Unul dintre factorii care au contribuit la această evoluție a fost declinul în ceea ce privește cheltuielile cu dobânzile aferente titlurilor de creanță în circulație, care au scăzut cu 105,7 milioane € sau 10,2%, de la 1.032,2 milioane € în 2011 la 926,5 milioane € în 2012, reflectând atât nivelul mai mic al ratelor dobânzii, cât și volumul mediu redus al acestor obligații. De asemenea, nivelul mai mic al dobânzilor a determinat reducerea cheltuielilor cu dobânzile aferente depozitelor clienților, care au scăzut cu



## Sectiunea B—Emitentul

90,7 milioane € sau 5.0%, de la 1.831,8 milioane € în 2011 la 1.741,1 milioane € în 2012, în pofida creșterii volumului depozitelor clienților. În 2012, valoarea provizioanelor de risc pentru împrumuturi și avansuri a scăzut cu 286,9 milioane € sau 12,7%, de la 2.266,9 milioane € în 2011 la 1.980,0 milioane € în 2012. Această scădere s-a datorat în primul rând scăderii provizioanelor de risc pentru împrumuturi și avansuri din Ungaria (provizioane extraordinare de 450,0 milioane € în 2011) și din Republica Cehă, care, cumulate cu scăderea provizioanelor de risc pentru împrumuturi și avansuri către clienți în Austria, au făcut mai mult decât să compenseze creșterea provizioanelor de risc pentru împrumuturi și avansuri din România și Croația. În 2012, valoarea veniturilor nete din tarife și comisioane a scăzut cu 66,4 milioane € sau 3,7%, de la 1.787,2 milioane € în 2011 la 1.720,8 milioane € în 2012. Această evoluție s-a datorat în principal scăderii înregistrate de operațiunile cu valori mobiliare (în special în Austria și în Republica Cehă), precum și a activităților de creditare (în special în Republica Cehă) și a sectorului de brokeraj în asigurări, în timp ce filiala de factoring a Grupului Erste, Intermarket Bank AG, care a fost consolidată de la 1 august 2011, a contribuit la veniturile nete din tarife și comisioane. În 2012, valoarea rezultatului net din tranzacționare s-a apreciat cu 151,1 milioane € de la 122,3 milioane € în 2011 la 273,4 milioane € în 2012. Această evoluție s-a datorat în special modificărilor de anul trecut ale valorii juste a portofoliului de investiții în swap-uri pe riscul de credit (CDS) a International Business (închisă între timp), care a avut un impact negativ de 182,6 milioane €. Valoarea cheltuielilor administrative generale a scăzut cu 94,2 milioane € sau 2,4%, de la 3.850,9 milioane € în 2011 la 3.756,7 milioane € în 2012, în pofida creșterii ratei inflației în 2012. Valoarea cheltuielilor de personal a scăzut cu 39,6 milioane €, sau 1,7%, de la 2.323,7 milioane € în 2011 la 2.284,1 milioane € în 2012, lucru care s-a datorat reducerilor de personal cu 1.071 de angajați (cifră exprimată în echivalent angajați cu normă întreagă) sau 2,1%, de la 50.452 angajați (cifră exprimată în echivalent angajați cu normă întreagă) la 31 decembrie 2011 la 49.381 de angajați (cifră exprimată în echivalent angajați cu normă întreagă) la 31 decembrie 2012. Reducerea a fost cauzată în special de măsurile de reorganizare din Ungaria, România și Ucraina. În 2012, alte rezultate din exploatare au înregistrat o creștere de la o valoare negativă de 1.589,9 milioane € în 2011 la valoarea negativă de 724,3 milioane € în 2012. Această creștere s-a datorat în principal deprecierei semnificativ mai scăzute a fondului de comerț (*goodwill*) de 514,9 milioane €, din care suma 469,4 milioane € a fost în legătură cu Banca Comercială Română și 45,5 milioane € în principal în legătură cu anumite filiale austriece, comparativ cu 1.064,6 milioane € în 2011, din care, în special, suma de 692,8 milioane € s-a datorat Băncii Comerciale Române, 312,7 milioane € s-a datorat Erste Bank Hungary și 52,7 milioane € anumitor filiale austriece. Valoarea altor impozite/taxe a crescut de la 163,5 milioane € în 2011 la 269,1 milioane € în 2012, în mare parte ca urmare a taxelor bancare din Austria, Slovacia și Ungaria. În Slovacia, taxa bancară a fost introdusă în 2012 și a

## Sectiunea B—Emitentul

avut drept rezultat plata unei sume de 31,5 milioane € pentru 2012. În Ungaria, valoarea taxei bancare s-a ridicat la 47,3 milioane € în 2012, în timp ce în 2011 s-a compensat cu pierderile rezultate din rambursarea anticipată a împrumuturilor exprimate în monedă străină la cursuri valutare fixe inferioare celor oferite pe piață la momentul respectiv. În Austria, valoarea taxei bancare a crescut cu 25% și s-a ridicat la o valoare totală de 165,2 milioane în 2012. În 2012, rezultatul total din toate categoriile de instrumente și active financiare (rezultatul din instrumente financiare la valoarea justă conform contului de profit și pierdere, rezultatul din active financiare disponibile pentru vânzare și rezultatul din active financiare deținute până la scadență) s-a apreciat de la valoarea negativă de 93,0 milioane € în 2011 la 32,7 milioane € în 2012. Acest rezultat pozitiv s-a datorat în principal creșterii câștigurilor din vânzări și reducerii efectelor negative ale evaluării portofoliului disponibil pentru vânzare.

Profitul net anual atribuibil proprietarilor societății-mamă aferent exercițiului financiar 2012 s-a ridicat la 483,5 milioane €, în timp ce în anul 2011 s-a înregistrat o pierdere netă atribuibilă proprietarilor societății-mamă de 718,9 milioane €.

În 2012, volumul total al activelor a crescut cu 3.817,7 milioane € sau cu 1,8%, de la 210.006,3 milioane € la 31 decembrie 2011 la 213.824,0 milioane € la 31 decembrie 2012. Creșterea volumului total al activelor a fost determinată în principal de creșterea activelor financiare ca urmare a măsurilor pregătitoare întreprinse în vederea îndeplinirii cerințelor anticipate de lichiditate începând cu anul 2014 conform acordului Basel 3 precum și a investiții lichidităților excedentare din creșterea depozitelor clienților. Împrumuturile și avansurile către instituțiile de credit au crescut de la 7.577,7 milioane € la 31 decembrie 2011 la 9.074,1 milioane € la 31 decembrie 2012 ca urmare a depozitelor de lichidități excedentare. Creșterea activelor deținute în vederea vânzării de la 87,2 milioane € la 31 decembrie 2011 la 708,1 milioane € la 31 decembrie 2012 a fost determinată de clasificarea Erste Bank Ukraine ca grup destinat cedării—activ deținut în vederea vânzării conform IFRS 5 ca urmare a semnării contractului de vânzare în decembrie 2012.

### *Exercițiile financiare încheiate la 31 decembrie 2011 și 2010*

În 2011, venitul net din dobânzi a crescut cu 129,8 milioane € sau 2,4%, de la 5.439,2 milioane € în 2010 la 5.569,0 milioane € în 2011. Valoarea veniturilor totale din dobânzi și a altor venituri similare a crescut cu 529,0 milioane € sau 6,0%, de la 8.821,6 milioane € în 2010 la 9.350,6 milioane € în 2011. Creșterea valorii veniturilor totale din dobânzi și altor venituri similare a reflectat în principal creșterea veniturilor din dobânzi din active financiare la valoarea justă conform contului de profit și pierdere, care au crescut de la 48,6 milioane € în 2010 la 322,3 milioane € în 2011. În 2011, valoarea cheltuielilor totale cu dobânzile și a altor cheltuieli similare a crescut cu 386,2 milioane € sau 11,3%, de la 3.403,4 milioane € în 2010 la 3.789,6 milioane € în 2011. Creșterea valorii cheltuielilor totale cu dobânzile și a altor cheltuieli similare a reflectat în principal nivelul mai mare de cheltuieli aferente depozitelor efectuate de către bănci și

## Secțiunea B—Emitentul

conturilor clienților în contextul unor volume mai mari. În 2011, valoarea provizioanelor de risc pentru împrumuturi și avansuri a crescut cu 245,9 milioane € sau 12,2%, de la 2.021,0 milioane € în 2010 la 2.266,9 milioane € în 2011. Această creștere a fost atribuibilă în principal provizioanelor extraordinare din Ungaria în valoare de 450,0 milioane €, ca urmare a noii legislații din Ungaria care permite rambursarea anticipată a împrumuturilor exprimate în monedă străină la cursuri valutare diferite de cele oferite pe piață și a majorării ratei de acoperire a creditelor neperformante (NPL). În Austria, Republica Cehă și Slovacia, evoluția costurilor aferente riscurilor a fost pozitivă și a compensat parțial creșterea semnificativă înregistrată în Ungaria. În 2011, valoarea veniturilor nete din tarife și comisioane a scăzut cu 55,3 milioane € sau 3,0%, de la 1.842,6 milioane € în 2010 la 1.787,2 milioane € în 2011. Această scădere s-a datorat în primul rând scăderii înregistrate de operațiunile cu valori mobiliare, în special în Austria, precum și în sectorul intermediarilor de credite imobiliare și în sectorul serviciilor bancare de investiții. Valoarea cheltuielilor administrative generale a crescut cu 34,1 milioane € sau 0,9%, de la 3.816,8 milioane € în 2010 la 3.850,9 milioane € în 2011. Valoarea cheltuielilor de personal a crescut cu 59,9 milioane € sau 2,6%, de la 2.263,8 milioane € în 2010 la 2.323,7 milioane € în 2011. Această creștere a fost cauzată în parte de plățile compensatorii acordate în Republica Cehă, de provizioanele pentru plăți compensatorii pentru Ungaria și România și de integrarea Informations-Technologie Austria GmbH în s IT Solutions AT la data de 1 iulie 2010. Alte rezultate din exploatare au înregistrat o scădere cu 1.150,5 milioane € de la valoarea negativă de 439,3 milioane € în 2010 la valoarea negativă de 1.589,9 milioane € în 2011. Acest lucru a fost cauzat în principal de deprecierea fondului de comerț (*goodwill*) în 2011 cu o valoare totală de 1.064,6 milioane €. Din această sumă, în special, o scădere de 692,8 milioane € a fost cauzată de Banca Comercială Română ca urmare a scăderii profitabilității sectorului bancar din România, 312,7 milioane € s-a atribuit ștergerii din contabilitate, în septembrie 2011, a întregii valori a fondului de comerț (*goodwill*) aferent Erste Bank Hungary, ca urmare a condițiilor economice dificile din Ungaria și a adoptării legislației care permite rambursarea anticipată a împrumuturilor exprimate în monedă străină la cursuri valutare fixe inferioare celor oferite pe piață la momentul respectiv, iar 52,7 milioane € s-a atribuit anumitor filiale austriece, în special bănci de economii regionale și activități de administrare de active. La alte impozite/taxe s-a înregistrat o creștere cu 91,6 milioane €, de la 71,9 milioane € în 2010 la 163,5 milioane € în 2011, cauzată în principal de taxele bancare. În Austria, taxa bancară a fost introdusă în 2011 și a avut drept rezultat plata unei sume de 132,1 milioane € pentru Erste Group Bank.

## Sectiunea B—Emitentul

		<p>În 2011, valoarea profitului net anual/ă pierderii nete anuale atribuibile proprietarilor societății-mamă a scăzut cu 1.597,6 milioane €, de la un profit net anual atribuibil proprietarilor societății-mamă de 878,7 milioane € în 2010 la o pierdere netă anuală atribuibilă proprietarilor societății-mamă de 718,9 milioane € în 2011. Această scădere reflectă în principal scăderea semnificativă a profitului anual/pierderii anuale înainte de impozitare de la un profit înainte de impozitare de 1.324,2 milioane € în 2010 la o pierdere înainte de impozitare de 322,2 milioane € în 2011.</p> <p>În 2011, volumul total al activelor a crescut cu 4.236,3 milioane € sau cu 2,1%, de la 205.770,0 milioane € la 31 decembrie 2010 la 210.006,3 milioane € la 31 decembrie 2011. Creșterea volumului total al activelor a fost determinată de o creștere cu 61,2% a valorii numerarului și soldurilor la băncile centrale de la 5.839,4 milioane € la 31 decembrie 2010 la 9.412,9 milioane € la 31 decembrie 2011, în principal ca urmare a lichidităților suplimentare temporare din „Operațiuni de refinanțare pe termen lung” (LTRO) ale Băncii Centrale Europene („BCE”). În același timp, împrumuturile și avansurile către instituțiile de credit au scăzut cu 39,4% de la 12.496,5 milioane € la 31 decembrie 2010 la 7.577,7 milioane € la 31 decembrie 2011 ca urmare a reducerii activităților auxiliare.</p>
<b>B.8</b>	<b>Informații financiare pro forma esențiale selectate</b>	Nu se aplică (nu sunt cerute informații financiare pro forma).
<b>B.9</b>	<b>Previziuni sau estimări privind profitul</b>	Nu se aplică (nu s-au efectuat previziuni sau estimări privind profitul).
<b>B.10</b>	<b>Natura tuturor rezervelor din opiniile de audit privind informațiile financiare istorice</b>	Nu se aplică (nu există rezerve).
<b>B.11</b>	<b>Insuficiența capitalului circulant al emitentului pentru cerințele actuale ale acestuia</b>	Nu se aplică (capitalul circulant este suficient).

<b>Secțiunea C—Valori mobiliare</b>		
<b>C.1</b>	<b>Natura și categoria valorilor mobiliare care fac obiectul ofertei publice și/sau sunt admise la tranzacționare</b>  <b>Numerele de identificare al valorilor mobiliare</b>	Până la 83.897.737 acțiuni noi (ordinare) la purtător, fără menționarea valorii nominale (no-par) și cu drept de vot, cu o valoare noțională de 2,00 € per acțiune (fiecare, o "Acțiune Nouă" și, împreună, "Acțiunile Noi") care fac parte din capitalul social al Erste Group Bank (care reprezintă întreaga valoare a capitalului de bază autorizat și doar până la o valoare corespondentă de aproximativ 660 milioane € a fondurilor brute vizate).  Numărul de identificare (ISIN) al Acțiunilor Existente: AT0000652011  Numărul de identificare (ISIN) al Acțiunilor Noi: AT0000652011  Numărul de identificare (ISIN) al Drepturilor de subscriere: AT0000A10QP8
<b>C.2</b>	<b>Moneda în care s-a făcut emisiunea</b>	Euro
<b>C.3</b>	<b>Numărul de acțiuni emise și vărsate integral și numărul de acțiuni emise, dar nevărsate integral / valoarea nominală a unei acțiuni</b>	La data prezentului Prospect, capitalul social al Erste Group Bank se ridică la 789.137.294 € și este împărțit în 394.568.647 acțiuni la purtător, fără valoare nominală menționată (no-par), cu drept de vot (acțiuni ordinare), fiecare reprezentând o valoare noțională de 2,00 € pe acțiune din capitalul social. Capitalul social al Erste Group Bank este în întregime vărsat.
<b>C.4</b>	<b>Drepturi conexe valorilor mobiliare</b>	Acțiunile Noi vor conferi aceleași drepturi ca și toate celelalte acțiuni la Erste Group Bank și nu vor conferi drepturi sau avantaje suplimentare.  Fiecare acțiune la Erste Group Bank, inclusiv Acțiunile Noi, îndreptățește titularul său la un vot în adunarea generală a acționarilor a Erste Group Bank. Nu există restricții cu privire la drepturile de vot. Niciun acționar al Erste Group Bank nu va avea drepturi de vot diferite.  Acțiunile Noi vor purta drepturi depline la dividende pentru exercițiul financiar 2013 și pentru toate exercițiile financiare ulterioare. Toate acțiunile la Erste Group Bank, inclusiv Acțiunile Noi, participă la pierderile Erste Group Bank până la întreaga lor valoare nominală și au dreptul de a participa la distribuția fondurilor obținute în procedurile de lichidare. În caz de lichidare, dizolvare sau de insolvență a Erste Group Bank sau proceduri pentru evitarea insolvenței Emitentului, nicio plată în legătură cu acțiunile Erste Group Bank nu va fi efectuată până când creanțele tuturor creditorilor (cu excepția creditorilor ale căror creanțe au același rang cu capitalul social) au fost satisfăcute sau garantate.  Acțiunile Noi oferite prin prezentul Prospect nu conferă drepturi de subscriere pentru Acțiuni Noi adiționale care sunt oferite.
<b>C.5</b>	<b>Restricții impuse asupra liberei transferabilități a valorilor mobiliare</b>	Nu se aplică (Acțiunile Noi și drepturile, în conformitate cu secțiunea 153 (1) a Legii Austriece a Societăților pe Acțiuni 1965, astfel cum a fost modificată ( <i>Aktiengesetz</i> ) („Legea Societăților pe Acțiuni”), de a cumpăra Acțiuni Noi (“Drepturile de Subscriere”) sunt liber transferabile în conformitate cu legislația în vigoare și regulile aplicabile ale Oesterreichische Kontrollbank Aktiengesellschaft (“OeKB”), în rolul său de depozitar central al valorilor mobiliare).

**Secțiunea C—Valori mobiliare**

<b>C.6</b>	<b>Cereri de admitere la tranzacționare pe o piață reglementată / identitatea piețelor reglementate pe care valorile mobiliare urmează să fie tranzacționate</b>	<p>Erste Group Bank va aplica pentru admiterea la tranzacționare a Acțiunilor Noi pe (i) Piața Oficială (<i>Amtlicher Handel</i>) a Bursei de Valori Viena, (ii) pe segmentul Prime Market al Bursei de Valori de la Praga, și (iii) în Categoria Internațională Acțiuni la Bursa de Valori București și preconizează emiterea aprobărilor până la data de 4 Iulie 2013 și începerea tranzacționării pe fiecare dintre (i) segmentul Prime Market al Bursei de Valori Viena, și (ii) în Categoria Internațională Acțiuni la Bursa de Valori București la sau în jurul datei de 5 Iulie 2013, și (iii) pe segmentul Prime Market al Bursei de Valori de la Praga la sau în jurul datei de 8 Iulie.</p> <p>Erste Group Bank va aplica pentru admiterea la tranzacționare a Drepturilor de Subscriere la Bursa de Valori Viena. Tranzacționarea Drepturilor de Subscriere este preconizată să înceapă la sau în jurul datei de 9 Iulie 2013 și să înceteze la sau în jurul datei de 11 Iulie 2013.</p>
<b>C.7</b>	<b>Politica de distribuire a dividendelor</b>	<p>Politica de distribuire a dividendelor a Erste Group Bank cu privire la acțiunile sale ordinare nu se bazează pe o rată fixă de distribuire a dividendelor. În lumina veniturilor majorate semnificativ din exercițiul financiar 2012 în comparație cu anul financiar 2011, Erste Group Bank a plătit dividende în valoare de 0,40 € pe acțiune pentru exercițiul financiar 2012 la 24 mai 2013. La acest nivel, rata de distribuire a dividendelor pentru acțiunile ordinare a fost, cu excepția anului financiar 2011, în conformitate cu nivelurile istorice între aproximativ 20% și 30%. În viitor, Erste Group Bank intenționează să continue să plătească dividende pentru acțiunile sale ordinare, a căror sumă va depinde de profitabilitatea, de perspectivele de creștere a Erste Group și de cerințele de capital.</p>



## Secțiunea D—Riscuri

<b>D.1</b>	<b>Riscuri principale specifice emitentului sau sectorului său de activitate</b>	<p><b>Riscuri aferente activității Grupului Erste</b></p> <ul style="list-style-type: none"> <li>• Condițiile dificile macroeconomice și ale piețelor financiare pot avea un efect defavorabil semnificativ asupra activității, situației financiare, rezultatelor din exploatare și perspectivelor Grupului Erste.</li> <li>• Grupul Erste a fost și este posibil să fie afectat în continuare de criza actuală a datoriilor suverane din Europa și este posibil să fie nevoit să accepte pierderi din cauza expunerii la datoriile suverane ale anumitor țări.</li> <li>• Grupul Erste s-a confruntat și este posibil să se confrunte în continuare în viitor cu deteriorarea calității creditelor, în special ca urmare a crizelor financiare și a recesiunii economice.</li> <li>• Grupul Erste este expus unui risc semnificativ de credit al contrapartidei, iar neîndeplinirea obligațiilor de către contrapartide poate avea drept rezultat pierderi care depășesc provizioanele Grupului Erste.</li> <li>• Strategii de acoperire a riscurilor ale Erste Group se pot dovedi ineficiente.</li> <li>• Grupul Erste este expus deprecierei valorilor garanțiilor care susțin împrumuturile comerciale și cele imobiliare rezidențiale.</li> <li>• Fluctuațiile și volatilitatea pieței pot afecta negativ valoarea activelor Grupului Erste, pot reduce profitabilitatea și pot face dificilă evaluarea valorii juste a unora dintre activele sale.</li> <li>• Grupul Erste este expus riscului ca lichiditățile să nu fie imediat disponibile.</li> <li>• Este posibil ca agențiile de rating să suspende, să declașeze sau să retragă un rating acordat Erste Group Bank sau unei țări în care Grupul Erste este activ și ca respectiva acțiune să afecteze în mod negativ condițiile de refinanțare ale Erste Group Bank, în special accesul acesteia la piețele instrumentelor de împrumut.</li> <li>• Noi cerințe guvernamentale sau de reglementare, precum și modificări ale nivelurilor de adecvare a capitalului, a nivelurilor de lichiditate și de îndatorare (<i>leverage</i>) ar putea supune Grupul Erste unor standarde sau cerințe de capital și lichiditate sporite și ar putea să îi impună în viitor obținerea de capital sau lichidități suplimentare.</li> <li>• Strategiile de gestionare a riscurilor și procedurile interne de control ale Grupului Erste nu exclud expunerea Grupului Erste la anumite riscuri neidentificate sau neanticipate.</li> <li>• Activitatea Grupului Erste implică expunerea acestuia la riscuri operaționale.</li> <li>• Grupul Erste poate avea dificultăți în recrutarea sau menținerea de personal calificat.</li> <li>• Orice deficiență, întrerupere sau breșă de securitate care afectează sistemele informaționale ale Grupului Erste și orice neactualizare a acestor sisteme poate determina pierderi de profit și orice alte pierderi.</li> </ul>
------------	--	---

## Secțiunea D—Riscuri

- Este posibil ca Erste Group Bank să trebuiască să acorde sprijin financiar băncilor aflate în dificultate din cadrul ariei de cuprindere a consolidării prudențiale (*Haftungsverbund*), ceea ce ar putea avea drept consecință înregistrarea de costuri semnificative și devierea resurselor de la alte activități.
- Modificarea ratelor dobânzii este determinată de numeroși factori independenți de controlul Grupului Erste, iar astfel de modificări pot avea efecte defavorabile semnificative asupra rezultatelor financiare ale acestuia, inclusiv asupra veniturilor nete din dobânzi.
- Dat fiind că o mare parte din operațiunile, activele și clienții Grupului Erste se află în țări din Europa Centrală și de Est care nu fac parte din Zona Euro, Grupul Erste și clienții săi sunt expuși riscurilor valutare.
- Este posibil ca Grupul Erste să fie în imposibilitatea de a readuce BCR la obținerea de profit sau să trebuiască să accepte alte cheltuieli de depreciere rezultate din achiziții anterioare.
- Modificarea standardelor de garantare ale Băncii Centrale Europene ar putea avea un efect defavorabil asupra finanțării Grupului Erste și asupra accesului său la lichidități.
- Grupul Erste operează pe piețe extrem de competitive, concurând cu mari instituții financiare internaționale, precum și cu concurenți locali de renume.
- Acționarul principal al Erste Group Bank ar putea controla activitățile acționarilor.
- Acordurile contractuale încheiate cu Republica Austria pot afecta activitatea Grupului Erste.
- Respectarea regulilor cu privire la măsurile de combatere a spălării banilor, a corupției și a finanțării actelor de terorism implică eforturi și costuri semnificative, iar nerespectarea acestora poate avea consecințe severe din punct de vedere juridic și reputațional.
- Modificarea legislației privind protecția consumatorului, precum și aplicarea sau interpretarea acestei legislații poate limita comisioanele și alte condiții de stabilire a prețurilor pe care Grupul Erste le poate percepe pentru anumite tranzacții bancare și poate permite consumatorilor să solicite restituirea unora dintre comisioanele deja plătite în trecut.
- Integrarea unor potențiale achiziții viitoare poate crea dificultăți suplimentare.

### **Riscuri aferente piețelor în care Grupul Erste își desfășoară activitatea**

- Părăsirea Zonei Euro de către una sau mai multe țări poate avea consecințe neprevăzute pentru sistemul financiar și pentru economie în general, putând duce la scăderi ale nivelului de activitate, reducerea valorii unor active și pierderi la nivelul întregii activități a Grupului Erste.

## Secțiunea D—Riscuri

		<ul style="list-style-type: none"> <li>• Grupul Erste operează pe piețe emergente care se pot confrunta cu schimbări economice sau politice bruște, oricare dintre acestea putând afecta în mod defavorabil performanțele financiare și rezultatele operațiunilor acestuia.</li> <li>• Este posibil ca fondurile UE angajate să nu fie eliberate sau ca UE să nu mai adopte alte programe de sprijin.</li> <li>• Pierderea încrederii clienților în activitatea Grupului Erste sau în activitățile bancare în general poate determina un număr neașteptat de mare de retrageri ale depozitelor clienților, care poate avea un efect defavorabil semnificativ asupra rezultatelor, a situației financiare și a lichidității Grupului Erste.</li> <li>• Problemele legate de lichidități cu care se confruntă anumite țări din Europa Centrală și de Est pot afecta în mod defavorabil întreaga regiune a Europei Centrale și de Est și pot avea o influență negativă asupra rezultatelor economice și a situației financiare a Grupului Erste.</li> <li>• Este posibil ca guvernele din țările în care Grupul Erste își desfășoară activitatea să reacționeze la criza economică și financiară prin măsuri sporite de protecționism, naționalizări sau măsuri similare.</li> <li>• Grupul Erste poate fi afectat în mod defavorabil de creșterea lentă sau de recesiunea sectorului bancar în care își desfășoară activitatea, precum și de extinderea în pas redus a Zonei Euro și a Uniunii Europene.</li> <li>• În multe țări din Europa Centrală și de Est și, în special, în țările Europei de Est, sistemele juridice și garanțiile procedurale nu sunt complet dezvoltate încă.</li> <li>• Legislația aplicabilă privind falimentul și alte legi și reglementări care guvernează drepturile creditorilor din diverse țări din Europa Centrală și de Est pot limita capacitatea Grupului Erste de a obține rambursarea împrumuturilor și avansurilor neonorate.</li> <li>• Grupului Erste îi poate fi solicitat să participe sau să finanțeze programe de sprijin guvernamental pentru instituțiile de credit sau să finanțeze programe de consolidare a bugetului de stat, inclusiv prin introducerea de taxe bancare și alte impozite.</li> </ul>
<b>D.3</b>	<b>Riscuri principale specifice valorilor mobiliare</b>	<b>Riscuri aferente Ofertei Combinată și Acțiunilor Noi</b> <ul style="list-style-type: none"> <li>• În cazul în care Erste Group Bank nu va fi în măsură să obțină fonduri nete din Oferta Combinată în cuantum de aproximativ 630 milioane €, răscumpărarea vizată a Titlurilor de Capital de Participare ar putea să nu fie implementată în conformitate cu programul stabilit sau deloc.</li> <li>• Participațiile la Erste Group Bank ale acționarilor care aleg să nu participe la Oferta Combinată se vor dilua.</li> <li>• Prețul acțiunilor ar putea fi volatil din cauza unei game largi de factori, dintre care mulți nu sunt sub controlul Erste Group Bank.</li> </ul>

#### Secțiunea D—Riscuri

- Vânzările și distribuirile viitoare de acțiuni ale Erste Group Bank de către acționarii majoritari ai acesteia ar putea duce la scăderea prețului de piață al Noilor Acțiuni.
- Nu poate exista nicio garanție că tranzacționarea Drepturilor de Subscriere va avea loc sau dacă va avea loc tranzacționarea, că prețul Drepturilor de Subscriere nu va fi supus unor fluctuații mai mari decât prețul Acțiunilor.
- Capacitatea Erste Group Bank de a plăti dividende aferente Acțiunilor va depinde de existența profiturilor care pot fi distribuite, iar plata dividendelor poate să nu intervină chiar și atunci când asemenea profituri există.
- Dreptul Acționarilor de a primi dividende va fi structural sau efectiv subordonat creanțelor creditorilor existenți și viitori ai filialelor Erste Group Bank.
- Acționarii sunt expuși riscului unor modificări dezavantajoase ale cursurilor de schimb valutar precum și unor consecințe fiscale defavorabile.
- Drepturile acționarilor într-o societate austriacă pot diferi de drepturile acționarilor într-o societate organizată într-o altă jurisdicție.
- O suspendare de la tranzacționare a Acțiunilor ar putea afecta în mod negativ prețul acțiunilor.
- Anumiți acționarii ar putea să nu poată să participe la emisiuni de capital viitoare ale Erste Group Bank.
- Impozitarea prin reținere la sursă conform Legii din U.S. privind reținerile la sursă în vederea respectării reglementărilor fiscale cu privire la operațiunile cu element de extraneitate (U.S. Foreign Account Tax Compliance Act Withholding) poate afecta plățile cu privire la Acțiunile Noi.
- Acordul de Subscriere dintre Erste Group Bank și Manageri este supus termenilor și condițiilor Uzuale.
- Acțiunile Noi achiziționate în cadrul pre-plasamentului instituțional sunt parțial supuse restituirii și decontării amânate.

### Secțiunea E—Oferta

<p><b>E.1</b></p>	<p><b>Valoarea totală netă a fondurilor obținute din ofertă și estimarea costului total al ofertei, inclusiv cheltuielile estimate percepute de la investitor de către emitent sau ofertant</b></p>	<p>Pe baza unui presupus preț de subscriere și ofertă final de 20,51 € pe Acțiune Nouă, care a fost prețul de închidere al Acțiunilor Existente ale Erste Group Bank pe Bursa de Valori Viena la data de 28 iunie 2013, Erste Group Bank estimează fonduri nete aferente acestei Oferte Combinate de 630 milioane €, dacă 32.179.425 de Acțiuni Noi sunt emise (presupunând emiterea Acțiunilor Noi la un Preț de Subscriere și Ofertă Final de 20,51 € pe Acțiune Nouă, prețul de închidere pe Acțiune Nouă la Bursa de Valori Viena la 28 iunie 2013, și fondurile brute vizate ca urmare a Ofertei Combinate de 660 milioane €), după deducerea taxelor aferente aportului la capital, comisioanelor de subscriere și cheltuielilor în legătură cu oferta estimate la 30 milioane €.</p> <p>Nici Erste Group Bank, nici J.P. Morgan Securities plc. ("J.P. Morgan"), nici Morgan Stanley Bank AG ("Morgan Stanley" și împreună Erste Group Bank și J.P. Morgan denumiți "Joint Global Coordinators și Joint Bookrunners"), nici COMMERZBANK Aktiengesellschaft ("Commerzbank"), nici ING Bank N.V. ("ING" și împreună cu J.P. Morgan, Morgan Stanley și Commerzbank, denumiți „Managerii”) nu vor percepe nici un comision pentru subscrierea de Acțiuni Noi, respectiv achiziționarea de Acțiuni Noi. Băncile depozitare, custozii sau alți intermediari financiari prin care Destinatarii Ofertei pot deține Drepturi de Subscriere, respectiv prin care pot transmite ordinele de cumpărare, pot percepe un comision bancar corespunzător pentru exercitarea Drepturilor de Subscriere sau plasarea de ordine de cumpărare în numele Destinatariilor Ofertei. Destinatarii Ofertei sunt sfătuiți să se informeze prin mijloace proprii cu privire la astfel de costuri.</p>
<p><b>E.2a</b></p>	<p><b>Motivele ofertei, utilizarea fondurilor, valoarea netă estimată a fondurilor obținute</b></p> <p><b>Motivele ofertei</b></p> <p><b>Utilizarea încasărilor și valoarea netă estimată a încasărilor</b></p>	<p>Erste Group menține de o lungă perioadă de timp nivelul de adecvare a capitalului cu mult în exces față de nivelurile minime stabilite de autoritățile de reglementare și îndeplinește cerințele aplicabile cu privire la ratele de capital în avans față de termenele oficiale. Consiliul de Administrație și Consiliul de Supraveghere consideră că este prudent și în interesul tuturor celor care dețin participații la Erste Group Bank să consolideze în mod proactiv poziția Erste Group Bank în ceea ce privește capitalul, în special în lumina înăspririi cerințelor de adecvare a capitalului care afectează evaluarea instrumentelor de capital existente ale Erste Group Bank.</p> <p>Pe baza unui presupus Preț de Subscriere și Ofertă Final de 20,51 € pe Acțiune Nouă, care a fost prețul de închidere al Acțiunilor Existente pe Bursa de Valori Viena la data de 28 iunie 2013, Erste Group Bank estimează fonduri nete aferente Ofertei Combinate de aproximativ 630 milioane €, presupunând că 32.179.425 de Acțiuni Noi sunt emise (presupunând emiterea Acțiunilor Noi la un Preț de Subscriere și Ofertă Final de 20,51 € pe Acțiune Nouă, prețul de închidere pe Acțiune Nouă la Bursa de Valori Viena la 28 iunie 2013, și fondurile brute vizate ca urmare a Ofertei Combinate de 660 milioane €), după deducerea taxelor aferente aportului la capital, comisioanelor de subscriere și cheltuielilor în legătură cu oferta estimate la 30 milioane €.</p>

## Secțiunea E—Oferta

Erste Group Bank intenționează să folosească fondurile nete din Oferta Combinată pentru a consolida baza de capital a Erste Group Bank și a crește anumite rate de capital ale Erste Group Bank și Erste Group, în urma răscumpărării Titlurilor de Capital Participativ avute în vedere (conform descrierii de mai jos). Suplimentarea capitalului comun prin Oferta Combinată va oferi, de asemenea, flexibilitate pentru potențiale cerințe noi sau modificate cu privire la ratele de capital și posibilitatea de a răspunde așteptărilor pieței privind niveluri mai ridicate de capital de bază în sectorul bancar.

Rata capitalului de bază de nivel I a Erste Group (raportat la aplicarea normelor de adecvare a capitalului introduse de regulile Basel 2.5 și excluzând (i) Capitalul Participativ și (ii) profitul acumulat aferent primului trimestru al anului 2013), la 31 martie 2013, ajustată pentru fondurile nete vizate ale Ofertei Combinată de 630 milioane € ar fi fost de 10,2%. Acest lucru ar reprezenta o creștere cu 0,6 puncte procentuale, de la o rată a capitalului de bază de nivel I de 9,6% raportată la data de 31 martie 2013. Pe baza acestei consolidări a structurii capitalului, Erste Group estimează că va atinge rată vizată a capitalului comun de nivel I de 10%, conform Basel 3, până la 31 decembrie 2014.

În același timp, o mare parte din Capitalul Participativ (deținut de Republica Austria), va pierde altfel recunoașterea reglementară în 2017, și, prin urmare, efectul de sprijin al ratei capitalului de bază de nivel I a Erste Group. În plus răscumpărarea Capitalului Participativ avută în vedere va consolida capacitatea Erste Group de a genera capital și de a îmbunătăți ratele de capital, întrucât nu vor exista plăți anuale de dividende pentru Capitalul Participativ din 2014. Fără o răscumpărare a Capitalului Participativ, rata dividendului pentru Titlurile de Capital Participativ care în prezent este de 8,0% pe an, ar înregistra alte creșteri începând cu 2014. Pentru exercițiile financiare încheiate la 31 decembrie 2014 și 2015, economiile brute la plățile de dividende pentru Titlurile de Capital Participativ s-ar ridica la 149 de milioane € și respectiv 158 milioane €, în fiecare caz în cuantum net fără taxe, generând economii brute chiar mai mari în anii următori.

Plata dividendelor către deținătorii Titlurilor de Capital Participativ este, în general, efectuată înainte de distribuirea dividendelor către acționarii Erste Group Bank. Dacă nu se efectuează plățile dividendelor pentru acțiunile ordinare ale Erste Group Bank, Erste Group Bank nu are nici o obligație de a plăti dividende pentru Titlurile de Capital Participativ (indiferent de disponibilitatea profiturilor anuale distribuibile). În acest sens, se intenționează să se propună Adunării Generale Anuale a Acționarilor în 2014 să decidă cu privire la plata dividendelor aferente Titlurilor de Capital Participativ pentru exercițiul financiar încheiat la 31 decembrie 2013, reflectând în mod proporțional perioada de timp din cursul exercițiului financiar încheiat la 31 decembrie 2013 de la 1 ianuarie 2013 până la răscumpărarea Titlurilor de Capital Participativ.



## Secțiunea E—Oferta

E.3	<p><b>Descrierea termenilor și condițiilor ofertei</b></p> <p><b>Oferta Combinată</b></p>	<p>Oferta de până la 83.897.737 Acțiuni Noi (care reprezintă întreaga valoare a capitalului de bază autorizat și doar până la o valoare corespunzătoare de aproximativ 660 milioane € a fondurilor brute vizate) la care se referă Prospectul constă în (i) o ofertă de subscriere către acționarii existenți ai Erste Group Bank și cesionarilor Drepturilor de Subscriere (“Destinatarii Ofertei de Subscriere” și fiecare “Destinatar al Ofertei de Subscriere”) (împreună, “Acționarii” și fiecare, un “Acționar”) (“Oferta de Subscriere”); și (ii) o ofertă de cumpărare către investitori instituționali calificați selectați înainte de începerea Ofertei de Subscriere, parțial supusă restituirii și decontării amânate (“Pre-plasament Instituțional și, împreună cu Oferta de Subscriere, “Oferta Combinată”), care va lua forma unui proces accelerat de plasament (Accelerated Book Building).</p> <p>Pre-plasamentul Instituțional este parțial supus restituirii și decontării amânate pentru a garanta că Acțiunile Noi care pot fi atribuite Drepturilor de Subscriere la care nu s-a renunțat de anumți acționari sunt disponibile pentru subscriere de către Acționari în cadrul Ofertei de Subscriere.</p> <p>Oferta Combinată se va desfășura: (i) în Statele Unite ale Americii prin plasamente private către Cumpărătorii Instituționali Calificați (QIBs) în temeiul Regulii 144A din Legea Valorilor Mobiliare a Statelor Unite din 1933, așa cum a fost modificată („Legea Valorilor Mobiliare”); și (ii) prin plasamente private în alte țări decât Statele Unite ale Americii către anumți investitori instituționali calificați. În plus, Oferta de Subscriere va cuprinde oferte publice în Austria, Republica Cehă și România. Oferta Combinată în afara Statelor Unite ale Americii se va desfășura în conformitate cu Regulamentul S din Legea Valorilor Mobiliare.</p> <p>Anumți acționari, inclusiv Erste Stiftung, Sparkassen Beteiligungs GmbH &amp; Co. KG, CaixaBank S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung și anumite bănci de economii au renunțat la toate sau la o parte dintre Drepturile de Subscriere ale acestora (“Drepturile de Subscriere la care s-a Renunțat”).</p> <p>În scopul de a facilita Oferta Combinată, Erste Stiftung a încheiat un acord cu J.P. Morgan și Morgan Stanley acordând către Joint Global Coordinators și Joint Bookrunners (cu excepția Erste Group Bank), o opțiune de cumpărare de Acțiuni Existente deținute de Erste Stiftung în valoare totală de până la aproximativ 80 milioane € la Prețul de Subscriere și Ofertă Final (așa cum este definit mai jos) pentru Acțiunile Noi în cadrul Ofertei Combinată. Erste Group Bank nu va primi încasări din vânzarea acestor acțiuni, în cazul în care Joint Global Coordinators și Joint Bookrunners (cu excepția Erste Group Bank) exercită opțiunea de a achiziționa Acțiuni Existente deținute de Erste Stiftung în valoare totală de până la aproximativ 80 milioane € la Prețul de Subscriere și Ofertă Final. În conformitate cu un acord între Erste Group Bank și Erste Stiftung, Erste Group Bank a fost de acord să plătească Erste Stiftung un comision de angajament în valoare de 3,3 milioane € cu titlu de contraprestație pentru opțiunea</p>
-----	---	---

## Secțiunea E—Oferta

**Prețul Ofertei, Prețul de Subscriere, rata de subscriere și numărul maxim de Acțiuni Noi**

acordată de Erste Stiftung. Pe baza celei mai recente notificări privind drepturile de vot a Erste Stiftung și presupunând că (i) 32.179.425 Acțiuni Noi vor fi emise în cadrul Ofertei Combinată (presupunând emiterea Acțiunilor Noi la un Preț de Subscriere și Ofertă Final de 20,51 € pe Acțiune Nouă, prețul de închidere pe Acțiune Nouă la Bursa de Valori Viena la 28 iunie 2013, și fondurile brute vizate ca urmare a Ofertei Combinată de 660 milioane €), and (ii) Erste Stiftung, Sparkassen Beteiligungs GmbH & Co. KG, CaixaBank S.A., Austria Versicherungsverein auf Gegenseitigkeit Privatstiftung și anumite bănci de economii nu își vor exercita, în măsura în care au renunțat la acestea anterior, Drepturile de Subscriere; 24,41% din drepturile de vot la Erste Group Bank vor fi atribuite Erste Stiftung după finalizarea Ofertei Combinată (fără a lua în considerare subscrierea de Acțiuni Noi în cadrul Ofertei de Subscriere de către acționari ale căror acțiuni ar fi atribuibile către Erste Stiftung). Dacă dreptul de opțiune menționat anterior este exercitat parțial sau total de J.P. Morgan și Morgan Stanley, procentajul drepturilor de vot la Erste Group Bank atribuibile către Erste Stiftung se va reduce mai mult.

Prețul de subscriere pentru Acțiunile Noi în cadrul Ofertei de Subscriere ("Prețul de Subscriere") va fi egal cu prețul ofertei pentru Acțiunile Noi în cadrul Pre-plasamentului Instituțional ("Prețul Ofertei"). Prețul de Subscriere maxim și Prețul Ofertei maxim ("Prețul de Subscriere și Ofertă Maxim") au fost stabilite la 25,00 € pe Acțiune Nouă.

Numărul final de Acțiuni Noi care urmează să fie emise în cadrul Ofertei Combinată, rata de subscriere în cadrul Ofertei de Subscriere, precum și Prețul de Subscriere final și Prețul Ofertei final ("Prețul de Subscriere și Ofertă Final") vor fi determinate de către Erste Group Bank în consultare cu Joint Global Coordinators și Joint Bookrunners (cu excepția Erste Group Bank) după expirarea Perioadei de Pre-plasament cu privire la Pre-plasamentul Instituțional la sau în jurul datei de 02 iulie 2013. Prețul de Subscriere și Ofertă Final va fi stabilit la sau sub Prețul de Subscriere și Ofertă Maxim și va fi determinat pe baza registrului de ordine (order book) stabilit în cadrul procesului accelerat de plasament Accelerated Book Building din Pre-plasamentul Instituțional, luând în considerare prețul de piață al Acțiunilor Existente ale Erste Group Bank pe Bursa de Valori Viena de la momentul fixării prețului, preconizat la sau în jurul datei de 2 iulie 2013.

Numărul final de Acțiuni Noi oferite în cadrul Ofertei Combinată va fi stabilit luând în considerare fondurile nete vizate rezultând din Oferta Combinată în valoare de aproximativ 630 milioane € și Prețul de Subscriere și Ofertă Final. În cazul în care fondurile nete vizate pot fi obținute prin emiterea de mai puțin de 83.897.737 Acțiuni Noi, care este limita superioară a Ofertei Combinată, Erste Group Bank poate, la discreția sa, să decidă să emită mai puțin de 83.897.737 Acțiuni Noi. Rata de subscriere în Oferta de Subscriere va fi stabilită pe baza raportului dintre numărul final de Acțiuni Noi și numărul de Acțiuni Existente.

Prețul de Subscriere și Ofertă Final, numărul final de Acțiuni Noi oferite în cadrul Ofertei Combinată și Rata de Subscriere în cadrul Ofertei de Subscriere vor fi anunțate și publicate, printre altele, prin intermediul unui anunț ad-hoc, prin intermediul mass-media electronice și pe site-ul Erste Group

## Secțiunea E—Oferta

### Pre-plasamentul Instituțional

Bank ([www.erstegroup.com](http://www.erstegroup.com)) la sau în jurul datei de 2 iulie 2013. Prețul de Subscriere și Ofertă Final, numărul final de Acțiuni Noi oferite în cadrul Ofertei Combinată și Rata de Subscriere în cadrul Ofertei de Subscriere vor fi, de asemenea, anunțate pe site-urile din Republica Cehă și din România la sau în jurul datei de 02 iulie 2013 și notificate către/depuse la FMA în conformitate cu secțiunea 7 (5) a Legii Pieței de Capital Austriece din 1991, cu modificările ulterioare (*Kapitalmarktgesetz*), la sau în jurul datei de 03 iulie 2013.

Perioada în care Investitorii Instituționali pot achiziționa Acțiuni Noi în cadrul Pre-plasamentului Instituțional ("Perioada de Pre-plasament"), va curge de la 01 iulie până la 02 iulie 2013.

Cumpărătorii de Acțiuni Noi în cadrul Pre-plasamentului Instituțional vor fi informați că, în ceea ce privește un procentaj din Acțiunile Noi egal cu proporția dintre Noile Acțiuni care nu sunt atribuite Drepturilor de Subscriere la care s-a Renunțat ("Acțiunile care constituie Freefloat"), și numărul total de Acțiuni Noi oferite în cadrul Pre-plasamentului Instituțional, aceasta achiziție este supusă restituirii și decontării amânate J.P. Morgan și Morgan Stanley au încheiat un acord de opțiune cu Erste Stiftung prin care se acordă către Joint Global Coordinators și Joint Bookrunners (cu excepția Erste Group Bank) o opțiune de cumpărare de Acțiuni Existente deținute de Erste Stiftung în valoare totală de până la aproximativ 80 milioane € la Prețul de Subscriere și Ofertă Final în cazul în care subscrierea Acțiunilor care constituie Freefloat depășește un anumit prag și sunt necesare acțiuni suplimentare la momentul decontării Acțiunilor Noi care sunt supuse restituirii și decontării amânate. Acest lucru înseamnă că, transmiterea, dacă va fi cazul, a acțiunilor achiziționate supuse restituirii și decontării amânate se va efectua numai după expirarea Perioadei de Subscriere pentru Oferta de Subscriere, în același timp cu transmiterea de Noi Acțiuni subscrise în cadrul Ofertei de Subscriere.

Transmiterea se va efectua din Acțiunile care constituie Freefloat nesubscrise în cadrul Ofertei de Subscriere.

În măsura în care numărul de acțiuni noi achiziționate în cadrul Pre-plasamentului Instituțional, și supuse restituirii ("Acțiunile Claw-Back") depășește numărul total de Acțiuni care constituie Freefloat nesubscrise în cadrul Ofertei de Subscriere, operațiunea de restituire se va exercita cu privire la de fiecare Investitor Instituțional în legătură cu Acțiunile Claw-Back achiziționate de către un astfel de Investitor Instituțional și aceste achiziții vor fi anulate pro rata, în conformitate cu raportul dintre numărul total de Acțiuni care constituie Freefloat subscrise în cadrul Ofertei de Subscriere și numărul total de Acțiuni Claw-Back.

### Oferta de Subscriere

Perioada în care Destinatarii Ofertei de Subscriere pot subscrie Acțiuni Noi în cadrul Ofertei de Subscriere ("Perioada de Subscriere") va începe la sau în jurul datei de 3 iulie 2013 și va expira la sau în jurul datei de 17 iulie 2013.

Pe baza Ratei de Subscriere ce urmează a fi determinată, Destinatarii Ofertei de Subscriere vor putea subscrie un anumit număr de Acțiuni Noi pentru un anumit număr de Acțiuni

## Secțiunea E—Oferta

Existente deținute de acționarul respectiv la data de 2 iulie 2013, ora 24:00 (miezul nopții) CEST (sau un număr echivalent de Drepturi de Subscriere). În funcție de Rata de Subscriere, este posibil ca Drepturile de Subscriere să poată fi exercitate numai în anumiți multipli.

Acționarii care nu dețin un număr de Acțiuni Existente în Erste Group Bank divizibil cu Rata de Subscriere în număr întreg nu vor putea să-și exercite Drepturile de Subscriere în totalitate.

Ordinele de subscriere pentru Acțiunile Noi vor fi acceptate de către Erste Group Bank, care va acționa în calitate de agent de subscriere pentru Oferta de Subscriere, precum și de către Manageri, toate băncile de economii austriece și alte instituții de credit din Austria, în orele de program cu publicul. Titularii Drepturilor de Subscriere deținute prin intermediul unei bănci de depozitare, care este un membru al OeKB sau printr-o instituție financiară, care este un participant la Euroclear Bank SA ("Euroclear"), Clearstream Banking AG ("Clearstream"), sau Centrální depozitář cenných papírů, a.s. ("CDCP") sunt obligați să își exercite Drepturile de Subscriere prin instruirea unei astfel de bănci sau instituții financiare să subscrie Acțiuni Noi în numele acestora. Destinatarii Ofertei de Subscriere care dețin Drepturi de Subscriere prin Depozitarul Central SA își pot exercita Drepturile de Subscriere prin instruirea intermediarilor financiari ai acestora (banca custode / broker), care acționează în calitate de depozitari pentru Acțiunile Existente îndreptățite la Drepturi de Subscriere.

Drepturile de Subscriere, care nu sunt exercitate sau vândute în Perioada de Subscriere vor expira și nu vor avea nicio valoare. Nicio compensație nu va fi plătită pentru Drepturile de Subscriere neexercitate.

De la începutul Perioadei de Subscriere, Acțiunile Existente vor fi tranzacționate fără Drepturi de Subscriere ("ex drepturi de subscriere"). Drepturile de Subscriere sunt liber transferabile în conformitate cu legislația în vigoare și normele aplicabile OeKB, în rolul său de depozitar central al valorilor mobiliare. Erste Group Bank va aplica pentru admiterea Drepturilor de Subscriere la tranzacționare pe Bursa de Valori Viena. Tranzacționarea Drepturilor de Subscriere este preconizată să înceapă la sau în jurul datei de 9 iulie 2013 și să se încheie la sau în jurul datei de 11 iulie 2013. Drepturi de Subscriere în Republica Cehă pot fi efectuate de asemenea prin sistemele CDCP.

Drepturile de Subscriere și Acțiunile Noi nu au fost și nu vor fi înregistrate conform Legii Valorilor Mobiliare sau la orice autoritate de reglementare a valorilor mobiliare din orice stat sau din altă jurisdicție a Statelor Unite. Ele nu pot fi oferite sau vândute (i) în Statele Unite, cu excepția vânzării prin operațiuni scutite de la înregistrare conform Legii Valorilor Mobiliare, sau (ii) în afara Statelor Unite, cu excepția vânzării prin operațiuni offshore, în conformitate cu Regulamentul S conform Legii Valorilor Mobiliare.

## Secțiunea E—Oferta

**Publicarea  
rezultatelor  
Pre-plasamentului  
Instituțional si  
Ofertei de Subscriere**

**Încetarea,  
suspendarea sau  
extinderea Ofertei  
Combinate**

La sau în jurul datei de 3 iulie 2013, Erste Group Bank va publica pe site-ul său ([www.erstegroup.com](http://www.erstegroup.com)) și în secțiunea privind monitorul oficial din *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)* o notificare privind subscrierea legată de Oferta de Subscriere, invitând Acționarii să își exercite Drepturile de Subscriere și stabilind Perioada de Subscriere, Prețul de Subscriere și Oferta Final, rata de subscriere, procedura de exercitare a Drepturilor de Subscriere și alte informații.

Rezultatele Pre-plasamentului Instituțional vor fi anunțate și publicate, printre altele, prin intermediul unui anunț ad-hoc, prin intermediul mass-media electronice și pe site-ul Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)) la data sau în jurul datei de 02 iulie 2013.

Rezultatele Ofertei de Subscriere vor fi anunțate pe site-ul Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)) la data sau în jurul datei de 18 iulie 2013.

Oferta Combinată sau orice parte a acesteia poate înceta sau poate fi suspendată sau prelungită, Perioada de Subscriere poate fi prelungită sau poate înceta și Perioada de Pre-plasament poate fi redusă în orice moment, la discreția absolută a Erste Group Bank și a Joint Global Coordinators și Joint Bookrunners (cu excepția Erste Group Bank), dar numai anterior livrării Acțiunilor Noi alocate în cadrul Pre-plasamentului Instituțional și care nu sunt supuse restituirii și decontării amânate. Orice modificare a Perioadei de Subscriere și a Perioadei de Pre-plasament sau încetarea, suspendarea sau extinderea Ofertei Combinată sau a unor părți a acesteia va fi publicată prin intermediul mass-media electronice, pe site-ul Erste Group Bank ([www.erstegroup.com](http://www.erstegroup.com)), în secțiunea privind monitorul oficial din *Wiener Zeitung (Amtsblatt zur Wiener Zeitung)*, și, în măsura în care se impune prin Legea Austriacă a Piețelor de Capital 1991 cu modificările ulterioare (*Kapitalmarktgesetz*), ca un supliment la acest Prospect. În plus, în Republica Ceha publicarea se va face pe site-ul web al Česká spořitelna, a.s. ([www.csas.cz](http://www.csas.cz)) și în România pe site-urile Depozitarul Central SA ([www.depozitarulcentral.ro](http://www.depozitarulcentral.ro)) și BCR ([www.bcr.ro](http://www.bcr.ro)). Destinatarii Ofertei care au depus ordine de subscriere sau ordine de cumparare, nu vor fi notificați individual.

Oferta Combinată va face obiectul Acordului de Subscriere care va prevedea ca obligațiile Managerilor sunt supuse unor condiții suspensive, incluzând absentă oricăror modificări semnificative în situația financiară sau în afacerile Erste Group. Managerii vor avea dreptul de a înceta Acordul de Subscriere în anumite situații, în special în cazul apariției unor evenimente de *fortă majoră*.

În cazul în care Acordul de Subscriere încetează înainte ca implementarea majorării de capital care stă la baza Ofertei Combinată să fie înregistrată la Registrul Comerțului Austriac (*Firmenbuch*) la Tribunalul Comercial Viena (*Handelsgericht Wien*), Oferta Combinată nu va avea loc și Drepturile de Subscriere vor nu mai exista sau vor deveni lipsite de substanță și efecte. În astfel de circumstanțe, destinatarii ofertei nu vor avea dreptul la transmiterea de Acțiuni Noi. Pretențiile cu

## Secțiunea E—Oferta

		<p>privire la comisioanele și costurile deja suportate în legătură cu Oferta Combinată de către un destinatar al ofertei vor fi stabilite exclusiv pe baza raportului juridic dintre acesta și instituția la care a prezentat oferta sa de cumpărare sau de subscriere pentru Acțiuni Noi. Orice plăți efectuate pentru subscrierea, respectiv pentru achiziționarea de Noi Acțiuni, vor fi returnate destinatarului ofertei respectiv, fără dobânzi. În cazul în care Acordul de Subscriere încetează după înregistrarea implementării majorării de capital care stă la baza Ofertei Combinată la Registrul Comerțului Austriac (<i>Firmenbuch</i>) la Tribunalul Comercial Viena (<i>Handelsgericht Wien</i>), sau la un moment la care înregistrarea nu mai poate fi prevenită, Destinatarii Ofertei de Subscriere care și-au exercitat în mod valabil Drepturile de Subscriere și care le vor exercita în mod valabil în Perioada de Subscriere rămasă pot achiziționa Acțiuni Noi la Prețul de Subscriere și Oferta Final. Orice astfel de încetare se va referi doar la Acțiunile Noi care nu au fost subscrise în mod valabil de către Destinatarii Ofertei de Subscriere. Livrările de Acțiuni Noi alocate investitorilor instituționali în legătură cu Pre-plasamentul Instituțional care nu sunt supuse restituirii și au fost deja livrate la momentul încetării Ofertei Combinată nu vor fi anulate.</p> <p>Acțiunile Noi vor fi reprezentate prin unul sau mai multe certificate globale de acțiuni (<i>Sammelurkunden</i>) care vor fi depozitate la OeKB, Am Hof 4, 1010 Viena, Austria. Acțiunile Noi vor fi puse la dispoziție sub forma unor interese de co-participare (<i>Miteigentumsanteile</i>) sau drepturi de co-participare (<i>Miteigentumsrechte</i>) asupra certificatelor globale de acțiuni respective. Acțiunile Noi achiziționate în legătură cu Pre-plasamentul Instituțional care nu sunt supuse restituirii și decontării amânate sunt preconizate să fie disponibile la sau în jurul datei de 5 iulie 2013 și Acțiunile Noi achiziționate în legătură cu Oferta de Subscriere sunt preconizate să fie disponibile la sau în jurul datei de 23 iulie 2013. Acțiunile Noi achiziționate în legătură cu Pre-plasamentul Instituțional care sunt supuse restituirii și decontării amânate sunt preconizate să fie disponibile la sau în jurul datei de 23 iulie 2013, dacă și în măsura în care procedura de restituirii nu a fost exercitată. Acțiunile Noi vor fi transmise în fiecare caz prin înscriere în cont, folosind sistemele OeKB, Euroclear, Clearstream și CDCP în schimbul plății Prețului de Subscriere și Ofertă Final pentru fiecare Acțiune Nouă achiziționată.</p> <p>Aplicațiile pentru admiterea la tranzacționare a Acțiunilor Noi (i) pe Piața Oficială (<i>Amtlicher Handel</i>) a Bursei de Valori Viena, (ii) pe segmentul Prime Market al Bursei de Valori de la Praga, și (iii) în Categoria Internațională Acțiuni la Bursa de Valori București sunt preconizate să fie depuse la 1 iulie 2013. Aprobările aplicațiilor sunt preconizate să fie emise la 4 iulie 2013. Incluziunea Acțiunilor Noi în cotarea Acțiunilor Existente se preconizează să aibă loc la 5 iulie 2013 respectiv la 8 iulie 2013 pe Bursa de Valori Praga.</p>
	<p><b>Transmitere și decontare</b></p>	
	<p><b>Admiterea la tranzacționare a Acțiunilor Noi și începerea tranzacționării</b></p>	





## Secțiunea E—Oferta

acțiuni deținute la Erste Group Bank sau orice alte valori mobiliare care pot fi convertite sau exercitate sau schimbate în acțiuni deținute la Erste Group Bank sau (ii) să încheie orice acord de swap sau orice alt acord prin care se transfera, total sau parțial, orice efecte economice care decurg din deținerea proprietății asupra acțiunilor la Erste Group Bank, indiferent dacă oricare dintre tranzacțiile menționate la punctele (i) și (ii) de mai sus presupun plata prin transmiterea de acțiuni deținute la Erste Group Bank sau de orice astfel de valori mobiliare, în numerar sau în altă manieră, cu excepția Noilor Acțiuni care vor fi emise în cadrul Ofertei Combinată.

Limitările anterioare nu se aplică situațiilor constând în (i) acordarea de opțiuni salariaților și management-ului și emiterea de acțiuni ale Erste Group Bank ca urmare a exercitării opțiunilor acordate salariaților și management-ului pe baza planurilor existente de participare a salariaților la capitalul social și planurilor de acordare de opțiuni cu privire la capitalul social management-ului, dacă este cazul, după cum sunt acestea descrise în prezentul Prospect, (ii) cumpărarea și vânzarea de acțiuni la Erste Group Bank și emiterea și tranzacționarea de opțiuni privind acțiunile la Erste Group Bank, la Bursa de Valori Viena, la Bursa de Valori Praga și la Bursa de Valori București, în cursul curent al activității de brokeraj și activității bancare, (iii) emiterea de acțiuni la Erste Group Bank doar în vederea achiziționării sau majorării participațiilor la alte bănci de economii și (iv) emiterea de acțiuni preferențiale prin intermediul unei filiale străine în scopul creșterii capitalului de nivel 1 (tier 1) sau capitalului hibrid, după cum sunt acestea definite în Legea Bancară.

Erste Group Bank, de asemenea, este de acord ca, în cursul perioadei care începe de la data prezentului Prospect și până la inclusiv data corespunzătoare celei de a 180-a zile de la data Acordului de Subscriere, să nu anunțe public intenția sau să nu efectueze nicio majorare de capital din capital autorizat sau să emită acțiuni fără acordul prealabil scris al J.P. Morgan și Morgan Stanley.

Erste Stiftung nu va putea, înainte de trecerea unei perioade de 90 de zile de la data prezentului Prospect, fără consimțământul prealabil al J.P. Morgan și Morgan Stanley, să ofere, să constituie garanții asupra, să anunțe intenția de a vinde, să vândă, să se oblige să vândă, să vândă orice opțiune sau să se oblige să cumpere orice opțiune, să acorde orice opțiune, drept sau garanție de cumpărare sau să transfere ori să înstrăineze în orice mod, direct sau indirect, orice acțiuni sau orice valori mobiliare convertibile în, exercitabile sau interschimbabile pentru acțiuni; cu condiția ca Erste Stiftung să fie îndreptățită (i) să vândă acțiuni conform contractului de opțiune încheiat cu J.P. Morgan și Morgan Stanley, și (ii) să cumpere, vândă, contribuie sau transfere acțiuni la Erste Group Bank între Erste Stiftung, WSW și afiliații săi, și Sparkassen Beteiligung GmbH & CoKG.

### Secțiunea E—Oferta

<p><b>E.6</b></p>	<p><b>Cuquantumul și procentajul diluării determinate direct de ofertă</b></p>	<p>Dacă un Drept de Subscriere nu este exercitat, procentajul participației deținute de respectivul Actionar în capitalul social total al Erste Group Bank va fi diluat cu aproximativ 7,5%, sub rezerva următoarelor presupuneri.</p> <p>Activele nete consolidate ale Erste Group Bank la 31 martie 2013 erau de 11.155,0 milioane €(exclusiv (i) Capitalul Participativ și (ii) interesele minoritare), sau 28,27 € pe acțiune, bazate pe 394.568.647 acțiuni, fiecare dintre acestea având o valoare notională de 2,00 € per acțiune în capitalul social al Erste Group Bank. Activele Nete (exclusiv (i) Capitalul Participativ, și (ii) interesele minoritare), pe acțiune în Erste Group Bank se determină prin împărțirea activelor totale minus pasivele totale la numărul de acțiuni.</p> <p>Presupunând emiterea a 32.179.425 Acțiuni Noi în cadrul Ofertei Combinate, la un Pret de Subscriere și Oferta Final de 20,51 € pe Acțiune Nouă, prețul de închidere pe acțiune în Erste Group Bank la Bursa de Valori Viena la 28 iunie 2013 și fondurile brute vizate ale Ofertei Combinate de aproximativ 660 milioane €, activele nete consolidate ale Erste Group Bank la 31 martie 2013 ar fi fost în valoare de 27,60 € pe acțiune (Acțiuni Existente și Acțiuni Noi), după deducerea impozitului pe aportul de capital, comisioanele de subscriere și cheltuielile estimate în legătură cu Oferta Combinată a căror plată se află în sarcina Erste Group Bank.</p> <p>Aceasta reprezintă o scădere imediată a activelor nete consolidate de 0,67 € sau 2,4% pe Acțiune pentru Actionarii existenți care nu își exercită Drepturile de Subscriere și o creștere imediată a activelor nete la 7,09 € sau 34,6% pe acțiune pentru noii investitori care achiziționează Acțiuni Noi în cadrul Ofertei Combinate. Diluarea pe acțiune în privința noilor investitori este determinată prin scăderea activelor nete consolidate pe acțiune după Oferta Combinată dintr-un Preț de Subscriere și Oferta Final ipotetic plătit de către un nou investitor.</p> <p>Fiecare Destinatari al Ofertei trebuie să ia la cunoștință faptul că acest calcul de mai sus se bazează pe un Pret de Subscriere și Oferta Final ipotetic de 20,51 € pentru o Acțiune Nouă. Diluarea efectivă se va fundamenta pe fondurile nete și numărul final de Acțiuni Noi bazate pe Pretul de Subscriere și Oferta Final efectiv.</p>
<p><b>E.7</b></p>	<p><b>Estimarea cheltuielilor percepute de la investitor de către emitent sau ofertant</b></p>	<p>Nici Erste Group Bank, nici oricare dintre Manageri nu vor percepe nici un comision pentru subscrierea Acțiunilor Noi, respectiv achiziționarea de Acțiuni Noi. Băncile de depozitare, custozii sau alți intermediari financiari prin care Destinatarii Ofertei pot deține Drepturi de Subscriere, respectiv prin care pot transmite ordinele de cumpărare, pot percepe un comision bancar obișnuit pentru exercitarea Drepturilor de Subscriere sau plasarea de oferte de cumpărare în numele Destinatariilor Ofertei. Destinatarii Ofertei sunt sfătuiți să se informeze prin mijloace proprii cu privire la astfel de costuri.</p>

## Annex 4—U.S. QIB investor letter

**NOTE TO QIBS EXERCISING THEIR RIGHTS: IN ORDER TO BE ENTITLED TO EXERCISE YOUR RIGHTS, YOU MUST EXECUTE THIS INVESTOR LETTER AND RETURN IT TO YOUR FINANCIAL INTERMEDIARY TOGETHER WITH ANY OTHER DOCUMENTS REQUIRED FOR SUBSCRIPTION BY THE TIME INSTRUCTED BY YOUR FINANCIAL INTERMEDIARY. YOU MUST ALSO SEND A COPY OF THIS INVESTOR LETTER TO ERSTE GROUP BANK AG, IN CARE OF AUGUST SUTTER (FAX: +43.50100.11228 OR EMAIL: AUGUST.SUTTER@ERSTEGROUP.COM) BY NO LATER THAN 4.00 PM CEST ON 17 JULY 2013.**

**NOTE TO FINANCIAL INTERMEDIARIES: FINANCIAL INTERMEDIARIES WHO RECEIVE INVESTOR LETTERS SHALL FORWARD SUCH INVESTOR LETTERS TO THEIR CUSTODIAN OR NOMINEE. THE NOMINEE EFFECTING THE SUBSCRIPTION WITH ERSTE GROUP BANK AG SHALL FORWARD THE INVESTOR LETTER TO ERSTE GROUP BANK AG, IN CARE OF AUGUST SUTTER (FAX: +43.50100.11228 OR EMAIL: AUGUST.SUTTER@ERSTEGROUP.COM) BY NO LATER THAN 4.00 PM CEST ON 17 JULY 2013.**

### U.S. QIB INVESTOR LETTER

To: Erste Group Bank AG  
c/o August Sutter  
Börsegasse 14  
1010 Vienna, Austria

Ladies and Gentlemen:

This letter is delivered in connection with our proposed subscription of newly issued shares (“New Shares”) of Erste Group Bank AG (“Company”) pursuant to the issuance of the rights described below (“Rights”) to shareholders of record of the Company on 2 July 2013, 24:00 hours (midnight) CEST (“Record Date”) in accordance with the terms set out in the prospectus dated 1 July 2013.

We understand that we have subscription rights which entitle us to subscribe for the New Shares with first priority preferential rights in respect of the shares of the Company, which, on the Record Date, we beneficially own or hold in an account, or pursuant to Rights which we have subsequently purchased pursuant to Regulation S (as defined below) or any other available exemption from the registration requirements of the U.S. Securities Act (as defined below), over which shares and Rights we exercise sole investment discretion (a “discretionary account”). We wish to consider exercising our Rights in respect of shares of the Company so owned or held by us.

In connection with our exercise of the Rights and contemplated subscription for the New Shares as set forth above, we hereby represent, acknowledge and agree that:

1. We are a “qualified institutional buyer” (“QIB”) as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (“U.S. Securities Act”), and, if we are subscribing for the New Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, we have full investment discretion with respect to each such account, and we have the full power and authority to make the acknowledgements, representations and agreements herein on behalf of each owner of each such account.
2. We are subscribing for the New Shares for our own account, or for the account or accounts of QIBs, in each case, for investment purposes, and not with a view to any distribution (within the meaning of the U.S. federal securities laws) of the New Shares.
3. We understand, and each beneficial owner has been advised, that the Rights and the New Shares have not been and will not be registered under the U.S. Securities Act or any other applicable U.S. state securities laws, and are being offered and issued or sold to us (or such beneficial owner) in a transaction not involving a public offering in the United States

within the meaning of the U.S. Securities Act, that is exempt from the registration requirements of the U.S. Securities Act.

4. We understand that the Rights and the New Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act and may not be deposited into any unrestricted depository receipt facility, unless at the time of deposit such Rights and New Shares are no longer “restricted securities” within the meaning of Rule 144(a)(3) under the U.S. Securities Act.
5. We are not subscribing for the New Shares or purchasing Rights on the secondary market on the Vienna Stock Exchange, the Prague Stock Exchange or the Bucharest Stock Exchange as a result of any general solicitation or general advertising within the meaning of Rule 502 under the U.S. Securities Act, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising within the meaning of Rule 502 under the U.S. Securities Act.
6. We have received and read a copy of the English language prospectus dated 1 July 2013 (“Prospectus”). We have not relied on financial or other information supplied to us by any person other than information contained in the Prospectus. We have made our own assessment concerning the relevant tax, legal and other economic considerations relevant to our investment in the Rights and the New Shares.
7. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the New Shares, and we have the financial ability to bear the economic risk of investment in the New Shares.
8. We agree that if we wish to reoffer, resell, pledge or otherwise transfer any of the Rights or the New Shares, we will not do so except in accordance with any applicable U.S. federal and state securities laws, and we certify that either:
  - (a) we will transfer the New Shares in a transaction exempt from the registration requirements of the U.S. Securities Act under Rule 144(e) or Rule 144(k) (a “Rule 144 Transaction”) (if available) and provide an opinion of counsel reasonably satisfactory to the Company which states that the transfer is exempt from the registration requirements of the U.S. Securities Act and that the New Shares, as the case may be, following such transfer are freely transferable;
  - (b) we will transfer the Rights and the New Shares to a person who we reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act (if available) (a “Rule 144A Transaction”);
  - (c) we will transfer the Rights and the New Shares in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the U.S. Securities Act (a “Regulation S Transaction”);
  - (d) we will transfer the Rights and the New Shares in a transaction exempt from the registration requirements of the U.S. Securities Act other than a Rule 144 Transaction (if available), a Rule 144A Transaction or a Regulation S Transaction and provide an opinion of counsel reasonably satisfactory to the Company which states that the transfer is exempt from the registration requirements of the U.S. Securities Act; provided that the person to whom such Rights and New Shares are transferred delivers a letter to the Company making the foregoing acknowledgements, representations and agreements; or
  - (e) we will transfer the Rights and the New Shares pursuant to an effective registration statement under the U.S. Securities Act.

9. We acknowledge that the Company and its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. We understand that the Company is relying on this letter in order to comply with the U.S. Securities Act and other U.S. state securities laws. We irrevocably authorize any account operator, which includes any nominee, custodian or other financial intermediary through which we hold our Rights and shares in the Company, to provide the Company with a copy of this letter and such information regarding our identity and holding of shares in the Company (including pertinent account information and details of our identity and contact information) as is necessary or appropriate to facilitate our exercise of the Rights. We also irrevocably authorize the Company to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters set forth herein.
10. If any of the representations or warranties contained in this letter shall at any time become untrue, we agree immediately to notify the addressee hereof in writing. We also agree that we may not cancel, terminate or revoke this letter.

We understand that this letter is required in connection with the laws of the United States and shall be governed by and construed in accordance with the laws of the State of New York without giving effect to its choice of law principles.

The Company shall be entitled to rely on this letter (and, if this letter is delivered to our custodian or nominee, to delivery of a copy of this letter on its request) and we irrevocably authorize you to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

Name\*:

By: \_\_\_\_\_

Title\*:

Address\*:

Date\*:

\* Please complete.



## ISSUER

**Erste Group Bank AG**  
Graben 21  
1010 Vienna  
Austria

## LEGAL ADVISERS TO THE ISSUER

*As to Austrian, Czech and Romanian law*

**bpv Hügel Rechtsanwälte OG**  
ARES-Tower  
Donau-City-Strasse 11  
1220 Wien  
Austria

*As to U.S. law*

**Latham & Watkins (London) LLP**  
99 Bishopsgate  
London EC2M 3XF  
United Kingdom

## JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

**Erste Group Bank AG**  
Graben 21  
1010 Vienna  
Austria

**J.P. Morgan Securities plc.**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Morgan Stanley Bank AG**  
Junghofstraße 13-15  
60311 Frankfurt am Main  
Germany

## LEGAL ADVISORS TO THE JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

*As to Austrian law*

**DORDA BRUGGER JORDIS**  
**Rechtsanwälte GmbH**  
Universitätsring 10  
1010 Vienna  
Austria

*As to U.S. law*

**Clifford Chance**  
**Partnerschaftsgesellschaft**  
Mainzer Landstraße 46  
60325 Frankfurt am Main  
Germany

## SHAREHOLDER AND LEGAL ADVISORS TO THE SHAREHOLDER

**DIE ERSTE österreichische Spar-Casse**  
**Privatstiftung**  
Friedrichstraße 10  
1010 Vienna  
Austria

**Wolf Theiss Rechtsanwälte GmbH**  
Schubertring 6  
1010 Vienna  
Austria

## AUDITORS

**Sparkassen-Prüfungsverband**  
**Prüfungsstelle**  
Grimmelshausengasse 1  
1030 Vienna  
Austria

**Ernst & Young**  
**Wirtschaftsprüfungsgesellschaft m.b.H.**  
Wagramer Straße 19  
1220 Vienna  
Austria

